EXHIBIT A

EXECUTION COPY

March 9, 2007

Ralph Cioffi
Senior Managing Director
Bear Stearns Asset Management Inc.
383 Madison Avenue
New York, NY 10179

Engagement Letter

Dear Mr. Cioffi:

1. Engagement.

(a) The purpose of this letter agreement ("Letter Agreement") is to confirm that, subject to the terms hereof, Bear Stearns Asset Management Inc. (the "Collateral Manager") has engaged Banc of America Securities LLC (together with its affiliates and their respective successors and assigns, "BAS") as its exclusive and sole structuring agent and sole underwriter and/or sole placement agent (the "Placement Agent") with respect to a single transaction involving the offering of several classes of debt and/or equity securities (collectively, the "Securities") to be issued by one or more special purpose entities (collectively, the "Issuer") to be organized under the laws of a jurisdiction or jurisdictions to be determined. The Securities will be collateralized or otherwise backed by a diversified portfolio (the "Collateral") consisting primarily of CDO securities ("CDO Securities") selected by the Collateral Manager. The foregoing is referred to, collectively, as the "Transaction". This Letter Agreement will also confirm certain obligations and responsibilities of the Collateral Manager, all as provided further below.

(b) The Securities will be issued in a private placement (the "Offering") pursuant to applicable exemptions under the Securities Act of 1933, as amended, including Section 4(2) thereof and Rule 144A or Regulation S promulgated thereunder. The Transaction will be structured such that the Issuer will qualify for an applicable exemption from registration as an "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act") and, in connection therewith, BAS shall use commercially reasonable efforts to enable the Issuer to qualify for the exemption available under Rule 3a-7 promulgated under the Investment Company Act, subject to (x) market conditions in effect at the time of the Offering and (y) the written confirmation of the Rating Agencies (as defined below) that their ratings of the Securities will not be lowered or withdrawn as a result of any such structural terms. The original aggregate principal amount of the Securities will be at least $4 Billion (and may be increased to $5 Billion, at the sole option of BAS; provided, that such increase is subject to (i) the availability of sufficient Collateral to effect such an increase and (ii) the ability of the Collateral Manager to acquire such Collateral on behalf of the Issuer) and that such Securities will be issued in such number of classes or such other principal amount as the parties hereto determine to be reasonably practical in light of prevailing market conditions. It is expected that the Securities, except the most junior class (the "Subordinated Notes"), will be rated by Moody's Investors Service Inc. and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or such other internationally recognized rating agencies as BAS may select (collectively, the "Rating Agencies").

(c) The proposed terms of the Offering are attached as Exhibit A hereto. The terms and conditions of the Transaction, including, without limitation the capital structure, may be modified or supplemented at any time as a result of changed market conditions or otherwise by the written agreement of BAS and the Collateral Manager. BAS and the Collateral Manager shall mutually agree upon spread range in connection with each class of Securities referenced in Section 7(a)(ii), as outlined in Exhibit A.

2. Scope of Professional Services.

BAS agrees that in its capacity as Placement Agent, it will use its reasonable best efforts to arrange a private placement of the Securities. Except as provided in Section 5 below, in no event shall BAS or its affiliates be obligated to purchase the Securities for its own account or for the accounts of its customers. Such placement of the Securities will be evidenced by a definitive purchase agreement or placement agency agreement (as applicable) between BAS and the Issuer in form and substance, and containing usual and customary terms and conditions, satisfactory to the Collateral Manager and BAS.

In addition, in connection with its responsibilities as structuring agent and Placement Agent, BAS will do the following:

(i) advise the Collateral Manager concerning the structure, price, and other terms and conditions appropriate for the Securities;

(ii) assist the Collateral Manager in the preparation of legal documentation related to the Offering including, without limitation, the offering memoranda, and assist in the establishment of the Issuer;

(iii) assist in the appointment of third-party service providers to be engaged by the Issuer in connection with the Offering (e.g., trustee, custodian, counsel, administrators and accountants);

(iv) assist in procuring credit ratings on the Securities from the Rating Agencies and preparing informational materials to be used in connection therewith;

(v) assist in developing marketing materials for the Securities and facilitate communications between the Collateral Manager and potential investors regarding the Offering;

(vi) advise the Collateral Manager in responding to inquiries from potential investors and in its negotiations with prospective investors; and

(vii) take such incidental or related actions on behalf of the Collateral Manager as may be appropriate, necessary or reasonable in connection with the issuance of the Securities.

3. **Warehouse Facility.**

(a) Subject to internal approval, and on terms to be separately agreed, an affiliate of BAS (the "Warehouse Provider") or one or more other entities as arranged by BAS and consented to by the Collateral Manager (such consent not to be unreasonably withheld) will provide a warehousing facility (the "Warehouse Facility") for the Collateral if and as the Collateral Manager deems it appropriate to commence purchasing CDO Securities on behalf of the Issuer prior to the date of issuance of the Securities and closing of the Transaction (the "Closing Date"). The duration of the Warehouse Facility and all other terms of the Warehouse Facility (including but not limited to any gain- or loss-sharing arrangement and any collateralization requirements) will be mutually agreed upon by, and set forth in one or more agreements to be entered into among, the Warehouse Provider, the Collateral Manager and (if the Issuer has then been formed) the Issuer. The Collateral Manager shall not (and shall not permit the Issuer to) appoint any person or entity (other than the Warehouse Provider) as a provider of any warehousing facility for the Issuer.

4. **Collateral Manager.**

(a) Pursuant to a collateral management agreement in form and substance satisfactory to the Collateral Manager, the Issuer and BAS, to be entered into between the Collateral Manager and the Issuer on or prior to the Closing Date, the Collateral Manager shall act as collateral manager for the Issuer and will be solely responsible for, and independently make, all investment, credit, purchase and trading decisions (including, but not limited to, the initial selection and purchase of the Collateral), subject to parameters set forth in the relevant documentation. The Collateral Manager shall not (and shall not permit the Issuer to) appoint any third party as an additional or substitute collateral manager or a sub-advisor except in accordance with Section 15(d) hereof.

(b) The Collateral Manager agrees to use its reasonable best efforts to actively assist BAS in achieving an Offering in a manner reasonably satisfactory to BAS. To assist BAS in the private placement effort, the Collateral Manager hereby agrees to (a) provide to BAS upon request all information reasonably deemed necessary by BAS and Issuer's counsel to complete the Offering and (b) otherwise assist BAS in its private placement efforts, including making available personnel from time to time to attend and make presentations to prospective investors. The Collateral Manager agrees that during the term of this Letter Agreement, none of the Collateral Manager or any of its affiliates, including their respective officers, directors, employees or agents, will directly or indirectly retain any person or entity (other than BAS and its affiliates) to assist the Issuer with respect to the structuring of the Transaction, or (subject to Section 5 below) market or offer any

Securities for sale to, or solicit any offer to purchase, place or underwrite any of the same from, or otherwise contact, approach or negotiate with respect thereto, with any person or entity other than through BAS and its affiliates. In addition, the Collateral Manager agrees that until the Transaction is consummated or this Letter Agreement is terminated pursuant to its terms, neither it nor any of its affiliates under its control will market or offer securities ("Similar Securities") with respect to another structured fund over 50% (by par amount) of the collateral for which is comprised of AA-rated and/or AAA-rated CDO Securities or synthetic interests therein, and funded primarily in the commercial paper or money markets.

(c) The Collateral Manager shall notify BAS of the occurrence of any of the following events (each, a "Collateral Manager Event") promptly after the Collateral Manager becomes aware of such occurrence: (i) a material adverse change, or development that would reasonably be expected to result in a material adverse change, in the business, properties, financial condition or prospects of the Collateral Manager, (ii) any material statement contained in any offering memoranda or marketing materials or any material information provided by the Collateral Manager to BAS, prospective investors, Rating Agencies or any other person in connection with the Offering is or becomes inaccurate or incomplete in any material respect, or (iii) any other adverse financial, organizational or other event or change at the Collateral Manager which would reasonably be expected to impair the ability of BAS in its capacity as Placement Agent to market the Securities issued in connection with the Transaction.

5. **Purchase of Securities; Hedge Transactions.**

(a) Subject to the other terms and conditions set forth herein and to (i) receipt of internal approvals, (ii) satisfactory review of all Transaction documentation, (iii) satisfactory completion of due diligence, (iv) the absence of any Collateral Manager Event, (v) the absence of any material adverse change in the structured finance, derivatives, capital markets, insurance or re-insurance markets or financial markets generally, (vi) compliance in all material respects with applicable laws and regulations, and (vii) receipt of all required governmental and other approvals and appropriate legal opinions and the consummation of the Transaction in its entirety, on the Closing Date, BAS will purchase or provide protection in the form of a 2a-7 put on up to $4.3 Billion of the Class A-1A Notes that are not ultimately placed with third parties so long as (A) the Class A-1A Notes are rated Aaa/AAA (or A-1+/P-1) by the Rating Agencies, (B) the total par amount of Class A-1A Notes is (x) not greater than 86% of the capital structure of the Transaction and (y) not greater than 86% of the product of (I) the weighted average purchase price (expressed as a percentage) of the ramped Collateral as of the Closing Date and (II) the aggregate par principal balance of the Collateral as of the Closing Date, (C) the par amount of total Securities subordinate to the Class A-1A Notes is at least 14% of the capital structure, (D) the size of the tranche immediately junior to the Class A-1A Notes is at least 7.75% of the capital structure and such tranche is rated Aaa/AAA by the Rating Agencies, (E) up to 50% of the Class A Notes may be in the form of Extendible CP (as defined in Exhibit A) and (F) the terms of the Class A-1A Notes as of the Closing Date may contemplate the redemption and refinancing thereof via reissuance to a multi-seller commercial paper vehicle administered by a BAS affiliate, and shall provide for (I) a liquidity put fee of 20.0bps on the aggregate face amount of the Class A-1A Notes, (II) a fail rate of LIBOR + 30bps, and (III) a term-out rate of 3-month LIBOR + 25bps on the face amount thereof. For the avoidance of doubt, BAS' underwriting commitment is based on a total Securities issuance of at least $4 Billion, and a maximum of $5 Billion; to the extent any amount of Class A-1A Notes are placed with third parties, BAS will have no further commitment to purchase that amount of Class A-1A Notes. Any transaction pursuant to which BAS purchases unsold Class A-1A Notes in accordance with this Section 5(a) will be evidenced by a definitive purchase or underwriting agreement between BAS and the Issuer in form and substance, and containing usual and customary terms and conditions, satisfactory to BAS and the Collateral Manager. For the avoidance of doubt, BAS may place the remainder of the Securities (other than the Class A-1A Notes as described above and the Subordinated Notes) on a reasonable best efforts basis as provided in Section 2 above.

(b) Subject to the terms and conditions hereof and the issuance of the other Securities, the Collateral Manager shall purchase and/or cause one or more of its affiliates or funds or accounts managed by the Collateral Manager or any of its affiliates (each, a "Collateral Manager Purchaser") to purchase collectively 100% of the Subordinated Notes on the Closing Date at par or at a purchase price to be mutually agreed by BAS and the Collateral Manager. Unless otherwise placed by BAS, the Collateral Manager shall purchase and/or cause one or more Collateral Manager Purchasers to purchase collectively 100% of each class of Securities other than (i) the Class A-1A Notes as described in Section 5(a) above and (ii) the Subordinated Notes as described in the immediately foregoing sentence, at par or at a purchase price to be mutually agreed between BAS and the Collateral Manager. Any Securities required to be purchased by the Collateral Manager or a Collateral Manager Purchaser pursuant to this paragraph are referred to herein as "Collateral Manager Purchaser Securities".

(c) If, in connection with the Offering, the Collateral Manager or the Issuer effects any interest rate swap, currency hedge, currency conversion, PIK swap, cashflow swap or any other hedge or similar transaction on the Closing Date, the Collateral Manager agrees that it will, and will cause the Issuer to, engage BAS or an affiliate of BAS to effect such transaction at rates then prevailing in the market for such transactions, in each case pursuant to compensation, terms and documentation therefor as are customary to BAS or such affiliate and are satisfactory to the Rating Agencies; provided that the Issuer may engage one or more other leading dealers identified by the Collateral Manager that are reasonably acceptable to BAS or such affiliate and are willing to enter into such transactions with the Issuer, if BAS or such affiliate declines to enter into such transactions with the Issuer after having been afforded a reasonable opportunity to do so.

6. **Termination of Letter Agreement.**

(a) This Letter Agreement will terminate on the earlier of (i) the Closing Date and (ii) the date of termination hereof by either party at any time upon no less than ten days' prior written notice to the other party; provided that (A) Sections 6(b), 7(a)(i) and 7(a)(ii) hereof shall survive any such termination for a period of six months from the date of termination, (B) Sections 7(b), 7(c) and 9 hereof shall survive any such termination for a period of two years from the date of termination, and (C) Sections 6(a) and 8 hereof shall survive any such termination for a period ending on the later of (x) the date that is five years after the date of such termination and (y) the last day of the reinvestment period under the Transaction.

(b) If this Letter Agreement is terminated prior to the Closing Date by the Collateral Manager (other than as the result of the gross negligence, fraud, bad faith or willful misconduct of BAS), neither the Collateral Manager nor any of its affiliates shall consummate an offering of any Similar Securities at any time within six months following the date of such termination without BAS acting as sole placement agent therefor.

7. **Fees and Expenses.**

(a) As compensation for the services to be provided under this Letter Agreement, the parties agree that certain fees and expenses shall be paid as follows:

(i) to BAS, a structuring fee in the amount of (A) 0.40% of the aggregate face amount of all Securities issued or authorized, payable by the Issuer on the Closing Date from the sale proceeds thereof;

(ii) to BAS, a placement fee in the amount of:

(A) 0.50% of the face amount of any Aaa/AAA-rated Notes (other than Collateral Manager Purchaser Securities and the Class A-1A Notes described 5(a) above), that are placed by BAS;

(B) 0.50% of the face amount of any Securities rated Aa3/AA- or higher (other than Collateral Manager Purchaser Securities) and not otherwise covered in immediately foregoing clause (A), that are placed by BAS;

(C) 1.00% of the face amount of any Securities rated A3/A- or higher (other than Collateral Manager Purchaser Securities) and not otherwise covered in immediately foregoing clauses (A) or (B), that are placed by BAS;

(D) 3.00% of the face amount of any Securities rated Baa3/BBB- or higher (other than Collateral Manager Purchaser Securities) and not otherwise covered in immediately foregoing clauses (A), (B) or (C), that are placed by BAS; and

(iii) in accordance with the priority of payments to be determined in the final documentation for the Transaction, which will contain terms mutually acceptable to the Collateral Manager and BAS, to the Collateral Manager for its role in managing the Collateral and the performance of its obligations under a collateral management agreement, management fees equal to 0.05% per annum payable on each Transaction payment date, senior to the payment of the Securities and certain other expenses, and calculated on the aggregate principal amount of the Collateral.

To the extent that less than all of the Securities (other than the Subordinated Notes) are placed by BAS with third parties on the Closing Date in accordance with Section 2 and foregoing clause (ii) of this Section 7(a), BAS will retain the right (but shall have no obligation) to place any such remaining Securities (other than the Subordinated Notes) for six months after the Closing Date. The Issuer shall pay to BAS on the date of each such placement by BAS the applicable fee set forth in such clause (ii).

(b) In addition, it is acknowledged and agreed that the Issuer shall reimburse BAS for all of its reasonable out-of-pocket expenses incurred in connection with its activities hereunder, including, without limitation, the reasonable fees and disbursement of its legal counsel, the Rating Agencies and the fees and expenses of any other third party necessary for the completion of the Offering, including legal counsel to the Issuer, printers, trustees, accountants and custodians; provided, however, that if the Offering is not completed (i) by reason of (x) the failure by either party to perform any of its obligations or commitments hereunder, (y) the election by either party to terminate this Letter Agreement pursuant to Section 6 without cause or (z) the gross negligence, fraud, bad faith or willful misconduct of either party hereto, all fees and expenses incurred in connection with the Offering shall be borne by such party; or (ii) for any other reason, each party hereto agrees to pay its own out-of-pocket fees and expenses incurred in connection with this Letter Agreement (which shall include its respective counsel, whether internal or external counsel) as they pertain to the Offering, and any expenses due to third parties engaged solely in connection with the issuance of the Securities (including but not limited to Rating Agency fees and Issuer's counsel fees) will be borne equally by the Collateral Manager and BAS. For the purposes of this Section 7(b), "cause" shall be the gross negligence, fraud, bad faith or willful misconduct of the other party hereto, or a failure of the other party hereto to perform any of its material obligations hereunder or its breach of a provision herein in any material respect, or (if such other party is the Collateral Manager) the occurrence of a Collateral Manager Event.

(c) All fees and expenses payable hereunder shall be made without deduction for or on account of any withholding or similar taxes imposed thereon.

8. Indemnification.

The parties agree to indemnify one another for certain liabilities and expenses or contribute to payments with respect thereto in accordance with Annex A attached hereto, which provisions are incorporated by reference herein and constitute a part hereof.

9. **Confidentiality.**

(a) In connection with the Offering, BAS expects to furnish the Collateral Manager, and the Collateral Manager expects to furnish to BAS, certain written confidential or proprietary material and information, including without limitation, information regarding the specific proposed structure of the Offering. All material and information furnished by BAS to the Collateral Manager, or the Collateral Manager to BAS, in writing shall be considered confidential and proprietary unless the party furnishing such information otherwise specifies in writing (all such confidential or proprietary material and information is referred to herein as the "Confidential Information"). Each of BAS and the Collateral Manager agrees that it will keep the respective Confidential Information strictly confidential; provided that each party hereto may disclose Confidential Information to the Rating Agencies and other entities involved in the Offering to the extent reasonably determined necessary to obtain ratings for the Securities and to structure and consummate the Transaction. Each of BAS and the Collateral Manager agrees that it will use the respective Confidential Information delivered to it hereunder solely for the purposes described in this Letter Agreement. Confidential Information does not include any information (i) that is or becomes publicly available or is not otherwise confidential or proprietary, in each case other than as a result of breach of this confidentiality provision by BAS or the Collateral Manager, as the case may be, (ii) that was known by BAS or the Collateral Manager, as the case may be, prior to its disclosure by BAS or the Collateral Manager, as the case may be, (iii) that was received from a third party that is not subject to a confidentiality agreement or similar document, (iv) that is required to be disclosed pursuant to law or lawful process or in connection with the enforcement or exercise of rights pursuant to the documents relating to the Offering, or (v) that is included in any offering memorandum or other marketing materials for the Securities with the consent of the other party.

(b) Subject to Section 9(a), in conjunction with the services and the Transaction, the Collateral Manager agrees that BAS is permitted to access, use, or share with any of its bank or non-bank affiliates, agents or representatives, any information concerning the Collateral Manager which is or may come into the possession of BAS or any of such affiliates for the sole purpose of consummating the Offering. BAS, its affiliates, agents and representatives will keep the Confidential Information relating to the Collateral Manager confidential in accordance with the terms hereof.

(c) Notwithstanding the foregoing, each party hereto may disclose to any and all persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the Transaction described herein and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure, except that, with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the Transaction as well as other information, this authorization shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the Transaction. Each party shall take reasonable steps to ensure that any such disclosure by it will not result in a violation of applicable securities laws.

10. Full Service Securities Firm.

Each party hereto acknowledges that the other party is entering into the engagement contemplated hereunder solely to provide such services and perform such obligations as are expressly set forth in this Letter Agreement with respect to such other party. In rendering such services, each party shall act as an independent contractor, and any duties of such party arising out of the engagement hereunder shall be owed solely to the other party hereto. Each party acknowledges that the other party is a securities firm that is engaged in securities trading and brokerage activities, as well as providing investment banking and financial advisory services. In the ordinary course of trading and brokerage activities, each party and its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt or equity securities of entities that may be involved in the transactions contemplated hereby. Each party recognizes its responsibility for compliance with federal securities laws in connection with such activities.

11. No Advisory or Fiduciary Responsibility.

Each party acknowledges and agrees that: (i) the purchase and sale of the Securities pursuant to this Letter Agreement, including the determination of the offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Collateral Manager on the one hand, and BAS, on the other hand, and each party is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Letter Agreement; (ii) in connection with each transaction contemplated hereby and the process leading to such transaction, each party is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary of the other party or the other party's affiliates, stockholders, creditors or employees or any other person; (iii) neither party has assumed nor will assume an advisory, agency or fiduciary responsibility in favor of the other party with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether either party has advised or is currently advising the other party on other matters) and neither party has any obligation to the other party with respect to the Offering except the obligations expressly set forth in this Letter Agreement; (iv) each party may be engaged in a broad range of transactions that involve interests that differ from those of the other party, and neither party shall have any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) neither party has provided any legal, accounting, regulatory or tax advice with respect to the Offering and each party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate.

Each party hereby waives and releases, to the fullest extent permitted by law, any claims that such party may have against the other party with respect to any breach or alleged breach of agency or fiduciary duty hereunder.

12. Use of Name.

The Collateral Manager agrees that any references to BAS or any of its affiliates made in connection with an Offering of any Securities are subject to BAS' prior approval, which approval shall not be unreasonably withheld. If the Collateral Manager or any of its affiliates makes any such reference to BAS or any of its affiliates, it shall take reasonable steps to ensure that such reference does not result in a violation of applicable securities laws with respect to the Offering or the sale of Securities in the secondary markets.

The Collateral Manager hereby authorizes BAS and its affiliates to disclose the existence and principal terms of the Offering (including the name of the Issuer and respective roles of the Collateral Manager in connection therewith) for the purpose of conducting and marketing of their own businesses; provided that BAS and such affiliates shall take reasonable steps to ensure that such disclosure does not result in a violation of applicable securities laws with respect to the Offering or the sale of Securities in the secondary markets.

13. Press Releases, Announcements and Tombstone Advertisements.

Subject to compliance with applicable securities laws and Section 9 hereof, upon consummating the sale of any Securities, BAS or any of its affiliates may place customary "tombstone" advertisements in publications of BAS' choice at its own expense.

14. Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial; Address for Notices.

(a) This Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(b) Each party hereto irrevocably and unconditionally submits to the exclusive jurisdiction of any New York state or U.S. federal court sitting in the County of New York, State of New York, over any suit, action or proceeding arising out of or relating to this Letter Agreement. Service of any process, summons, notice or document by registered mail shall be effective service of process against each party hereto for any suit, action or proceeding brought in such court, if addressed (i) in the case of BAS, to: Banc of America Securities LLC, 9 West 57th Street, New York, New York, 10019, Attention: Structured Securities Group, with a copy to: Banc of America Securities LLC, 40 West 57th Street, New York, New York, 10019, Attention: Legal Department; and (ii) in the case of the Collateral Manager, to: Bear Stearns Asset Management Inc., 383 Madison Avenue, New York, New York, 10179, Attention: Ralph Cioffi.

(c) Each party irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, (i) any objection or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum and (ii) any right it may have to a trial by jury in respect of any claim based upon, arising out of or in connection with this Letter Agreement.

15. **Entire Agreement; Severability; Counterparts.**

(a) This Letter Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and supersedes and cancels any prior communications, understandings and agreements (whether written or oral) between the parties. This Letter Agreement may not be amended or modified except by the parties hereto in writing. The engagement contemplated hereby and this Letter Agreement are solely for the benefit of the Collateral Manager, BAS and their affiliates and the Indemnified Parties (as defined in Annex A hereto), and their respective successors, assigns and representatives, and no other person or entity shall acquire or have any right under or by virtue hereof.

(b) In case any provision of this Letter Agreement shall be invalid, illegal or unenforceable, the legality, validity and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) This Letter Agreement may be executed in two or more counterparts, all of which together shall be considered single instrument. Delivery of an executed counterpart of this Letter Agreement by telecopier or facsimile transmission shall constitute due and sufficient delivery thereof.

(d) Neither the Collateral Manager nor BAS may transfer its rights or obligations under this Letter Agreement to another party without the prior written consent of the other party to this Letter Agreement (such consent not to be unreasonably withheld).

16. **BMA CDO Information Repository**

(a) The Collateral Manager agrees that BAS may submit information regarding the Transaction to the internet-based, password protected electronic repository of transaction documents and other information relating to collateralized debt obligations, located at www.cdolibrary.com (the "Repository") and operated by The Bond Market Association ("TBMA"), in accordance with TBMA's rules governing such submissions, and hereby consents to BAS's submission to the Repository of offering documents, the indenture, swap agreements, periodic reports and other similar documents entered into on the Closing Date for the Transaction.

[Remainder of Page Intentionally Left Blank]

Please confirm that the foregoing is in accordance with your understandings and agreement with BAS by executing and returning to BAS the duplicate of this Letter Agreement enclosed herewith.

Very truly yours,

BANC OF AMERICA SECURITIES LLC.

By: ____________________
Name:
Title:

Acknowledged and Agreed:

BEAR STEARNS ASSET MANAGEMENT INC.

By: Ralph Cioffi
Name: RALPH CIOFFI
Title: SMD

Signature Page to Letter Agreement

Please confirm that the foregoing is in accordance with your understandings and agreement with BAS by executing and returning to BAS the duplicate of this Letter Agreement enclosed herewith.

Very truly yours,

BANK OF AMERICA SECURITIES LLC.

By:
Name:
Title:

Acknowledged and Agreed:

BEAR STEARNS ASSET MANAGEMENT INC.

By: Ralph Cioffi
Name: Ralph Cioffi
Title: SMD

Signature Page to Letter Agreement

ANNEX A

This Annex A is attached to and incorporated by reference into the letter agreement dated as of March 9, 2007 (the "Letter Agreement") between Banc of America Securities LLC and Bear Stearns Asset Management Inc. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Letter Agreement.

The Collateral Manager agrees to indemnify and hold harmless BAS and its affiliates, and the respective directors, officers, agents and employees and each other entity or person, if any, controlling BAS or any of its affiliates within the meaning of Section 15 of the Securities Act of 1933, as amended (the "Securities Act"), or Section 20 of the Securities Exchange Act of 1934 (the "Exchange Act") (BAS and each such entity or person being collectively referred to as a "BAS Indemnified Party") from and against any losses, claims, damages, expenses or liabilities (or actions in respect thereof) (including the reasonable cost of investigation) (i) arising out of, based upon or in connection with any gross negligence, fraud, bad faith or willful misconduct by the Collateral Manager in performing its obligations and commitments or in complying with any of the agreements, in each case set forth in the Letter Agreement or in the collateral management agreement to be entered into between the Issuer and the Collateral Manager, or (ii) arising out of or based upon an untrue statement or alleged untrue statement of a material fact contained in the Collateral Manager Information (as defined below), or arising out of or based upon any omission or alleged omission to state in the Collateral Manager Information a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made not misleading. As used herein, "Collateral Manager Information" shall mean information relating to the Collateral Manager and delivered by or on behalf of the Collateral Manager to the Issuer or BAS in writing expressly for use in any prospectus, offering memorandum or other written material related to the Offering and delivered to prospective purchasers, including in each case any amendments or supplements thereto and including but not limited to any documents deemed to be incorporated in any such document by reference (the "Offering Materials").

BAS agrees to indemnify and hold harmless the Collateral Manager and its affiliates, and the respective directors, officers, agents and employees of the Collateral Manager and its affiliates and each other entity or person who controls the Collateral Manager and any of its affiliates within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (the Collateral Manager and each such person or entity being collectively referred to as a "CM Indemnified Party"; either of the BAS Indemnified Party and the CM Indemnified Party (as the context may require) is herein referred to as the "Indemnified Party") from and against any losses, claims, damages, expenses or liabilities (or actions in respect thereof) (including the reasonable cost of investigation) arising out of or based upon an untrue statement or alleged untrue statement of a material fact contained in the BAS Information (as defined below), or arising out of or based upon any omission or alleged omission to state in the BAS Information a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made not misleading. As used herein, "BAS Information" shall mean, information relating to BAS or its affiliates delivered by or on behalf of BAS or its affiliates in writing expressly for use in the Offering Materials.

In case any proceeding (including any governmental investigation) shall be instituted involving any Indemnified Party, such Indemnified Party shall promptly notify the party against whom indemnity may be sought hereunder (the "Indemnifying Party") in writing and the Indemnifying Party shall have the right, exercisable by giving written notice to the Indemnified Party within 30 days of receipt of written notice for the Indemnified Party of such proceeding, to retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Indemnifying Party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) (A) the named parties to any such proceeding (including any impleaded parties) include both the Indemnifying Party and an Indemnified Party and (B) the Indemnifying Party and the Indemnified Party have been advised by counsel that representation of both parties by the same counsel would be inappropriate due to material actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such Indemnified Parties, and that all such reasonable fees and expenses shall be reimbursed as they are incurred and paid. In the case of any separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Party and acceptable to the Indemnifying Party (which consent shall not be unreasonably withheld). The Indemnifying Party shall not be liable for any settlement of any such proceeding without its written consent, but if settled with such consent or if there is a final judgment for the plaintiff, the Indemnifying Party agrees, subject to the limitations noted in the preceding paragraphs, to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened proceeding in respect of which indemnity may be sought hereunder, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

Notwithstanding anything to the contrary in this Annex A, an Indemnifying Party will not, however, be responsible for any losses, claims, damages or liabilities (or expenses related thereto) that are finally judicially determined by a court of competent jurisdiction to have resulted from the willful misconduct or gross negligence of the Indemnified Party.

If the indemnification provided for in either of the second or third paragraphs of this Annex A is finally judicially determined to be unavailable to an Indemnified Party in respect of any losses, claims, damages, expenses or liabilities referred to (and not excluded) therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, expenses or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Collateral Manager, on the one hand, and BAS on the other hand, from the Offering or (ii) if the allocation provided by clause (i) above is not permitted by law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Collateral Manager and of BAS as well as any other relevant equitable considerations. The relative benefits received by the Collateral Manager and BAS shall be deemed to be in the same respective proportions as the net proceeds from the offering (before deducting expenses) and the total placement fees received by BAS bear to the aggregate principal amount of the Securities to be offered pursuant to the Offering. The relative fault of the Collateral Manager, on the one hand, and BAS on the other hand shall be determined by reference to, among other things, whether such statement or omission relates to information supplied by the Collateral Manager or BAS and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Collateral Manager and BAS agree that it would not be just and equitable if contribution pursuant to this Annex A were determined by pro rata allocation or any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to limitations set forth above, any legal or other expenses incurred in connection with investigating or defending any such action or claim.

BANC OF AMERICA SECURITIES LLC

By: ________________________
Name:
Title:

Acknowledged and Agreed:

BEAR STEARNS ASSET MANAGEMENT INC.

By: [signature]
Name: Ralph Cioffi
Title: SMD

If the indemnification provided for in either of the second or third paragraphs of this Annex A is finally judicially determined to be unavailable to an Indemnified Party in respect of any losses, claims, damages, expenses or liabilities referred to (and not excluded) therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, expenses or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Collateral Manager, on the one hand, and BAS on the other hand, from the Offering or (ii) if the allocation provided by clause (i) above is not permitted by law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Collateral Manager and of BAS as well as any other relevant equitable considerations. The relative benefits received by the Collateral Manager and BAS shall be deemed to be in the same respective proportions as the net proceeds from the offering (before deducting expenses) and the total placement fees received by BAS bear to the aggregate principal amount of the Securities to be offered pursuant to the Offering. The relative fault of the Collateral Manager, on the one hand, and BAS on the other hand shall be determined by reference to, among other things, whether such statement or omission relates to information supplied by the Collateral Manager or BAS and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Collateral Manager and BAS agree that it would not be just and equitable if contribution pursuant to this Annex A were determined by pro rata allocation or any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to limitations set forth above, any legal or other expenses incurred in connection with investigating or defending any such action or claim.

BANK OF AMERICA SECURITIES LLC

By:
Name:
Title:

Acknowledged and Agreed:

BEAR STEARNS ASSET MANAGEMENT INC.

By: Ralph Cioffi
Name: Ralph Cioffi
Title: SMD

EXHIBIT A

The following contract features are indicative and subject to a complete review of all applicable data and any other information that BAS or Bear Stearns Asset Management Inc. ("BSAM") may feel is necessary to complete its risk assessment. These terms are subject to formal review and approval by all involved parties at BAS and BSAM.

I. Overview of transaction

Type:	High Grade Cash Flow Collateralized Debt Obligation backed by Collateralized Debt Obligations.
Size:	$4,000,000,000, subject to the qualifications in the body of the Letter Agreement to which this is an Exhibit; *provided*, that the size of the transaction may be increased to $5,000,000,000 at the sole option of BAS, subject to (i) the availability of sufficient Collateral to effect such an increase and (ii) the ability of the Collateral Manager to acquire such Collateral on behalf of the Issuer.
CDO Issuer:	Name TBD
Notes Offering:	Rule 144A for U.S. investors and Regulation S for non-U.S. investors
Ramp Up Period:	Up to [180] days after the Closing Date
Reinvestment Period:	[4] years
Non-call period:	[4] years
Collateral Manager:	Bear Stearns Asset Management Inc.
Coll. Mgmt Fee:	5 bps per annum primary
Lead Manager:	Banc of America Securities LLC
BAS Structuring Fee:	40 bps on the aggregate transaction notional

Collateral:

Target Par Amount:	$4,000,000,000, *provided*, that the size of the transaction may be increased to $5,000,000,000 at the sole option of BAS
Target WA Price:	[100.0]
Target Floating Rate Spread:	[0.52]%
Minimum Floating Rate:	[100.0]%
Max rated below AAA:	[30.0]%

Max rated below AA-:	[0.0]%
Max CDO:	[100.0]%
Max ABS CDO:	[85]%
Max High Grade ABS CDO:	[30]%
Max Mezzanine ABS CDO:	[75]%
Max CDO of CDO	[10]%
Max BSAM Managed CDO:	[5]%; *provided* that at least 6 months have elapsed between the closing date of such CDO security and the acquisition date of such CDO security
Max Market Value CDO:	[0.0]%
Max Emerging Market CDO	[0.0]%
Max CLO:	No limit
Max TRUPS CDO:	[5]%, *provided* no more than 10% of any TRUPS CDO is comprised of non-bank paper
Max Corporate Synthetics:	[7.5]%
Max ABS Synthetics:	[10]%
Max Index Securities (ABX):	[0]%
Max Cap Corridor Securities:	[0]%
Max per Issue, AAA:	[2.5]%
Max per Issue, AA:	[1.5]%
Max Moodys WARF:	[30]
Max WAL at Close:	[7] years on the entire portfolio
Max WAL at Close:	[10] years on any single asset

Liabilities:

"Class A-1A" or "Super Senior" means the senior most class of the capital structure of the CDO. This class may be in the form of discount commercial paper issued by the CDO, extendible commercial paper ("Extendible CP") issued by the CDO, or a term note issued by the CDO.

Max Spread on AAA/Aaa rated Notes:	[100] bps
Max Spread on [AA/Aa2] rated Notes:	[175] bps
Max Spread on [A/A2] rated Notes:	[225] bps
Max Spread on [BBB/Baa2] rated Notes:	[750] bps

EXHIBIT B

EXECUTION COPY

COLLATERAL MANAGEMENT AGREEMENT

between

HIGH GRADE STRUCTURED CREDIT CDO 2007-1

and

BEAR STEARNS ASSET MANAGEMENT INC.

May 24, 2007

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COLLATERAL MANAGEMENT AGREEMENT

Collateral Management Agreement dated as of May 24, 2007 between High Grade Structured Credit CDO 2007-1, an exempted company with limited liability incorporated under the laws of the Cayman Islands, with its principal office located at the offices of Maples Finance Limited, P.O. Box 1093 GT, Queensgate House, South Church Street, George Town, Grand Cayman, Cayman Islands (together with successors and assigns permitted hereunder, the "Issuer"), and Bear Stearns Asset Management Inc., a New York corporation ("BSAM" and, together with successors and assigns permitted hereunder, the "Collateral Manager").

RECITALS

WHEREAS, the Issuer intends to issue its Offered Notes (other than the Class A-1A Notes) and any Class A-1B Notes pursuant to the Indenture dated as of the Closing Date (the "Indenture"), between the Issuer and LaSalle Bank National Association, as trustee (in such capacity, together with its successors in such capacity, the "Trustee");

WHEREAS, the Issuer intends to issue its Preference Shares pursuant to the Issuer Charter and administer the Preference Shares in accordance with the Preference Share Paying Agency Agreement dated as of the Closing Date (the "Preference Share Paying Agency Agreement") among the Issuer, LaSalle Bank National Association, as preference share paying agent (in such capacity, together with its successors in such capacity, the "Preference Share Paying Agent") and Maples Finance Limited, as preference share registrar;

WHEREAS, the Issuer intends to issue its CP Notes and is permitted to issue its Class A-1A Notes pursuant to an Issuing and Paying Agency Agreement dated as of the Closing Date (the "Issuing and Paying Agency Agreement") between the Issuer and LaSalle Bank National Association, as issuing and paying agent (in such capacity, the "Issuing and Paying Agent"); and

WHEREAS, the Issuer wishes to enter into this Collateral Management Agreement, pursuant to which the Collateral Manager agrees to perform, on behalf of the Issuer, certain duties specified herein and in the Indenture with respect to the Collateral in the manner and on the terms set forth herein, and the Collateral Manager has the capacity to provide the services required hereby and is prepared to perform such duties upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

Accordingly, in consideration of the mutual agreements set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

Capitalized terms used herein and not defined below shall have the meanings set forth in the Indenture.

"Agreement" means this Collateral Management Agreement, as amended from time to time.

"Cash Security" means, for purposes of Section 34, any Collateral Debt Security other than a Synthetic Security.

"Collateral Manager" means BSAM and each of its permitted successors and assigns or any successor Person that shall have become the Collateral Manager pursuant to the provisions of this Agreement, and thereafter "Collateral Manager" shall mean such successor Person.

"Governing Documents" means the memorandum and articles of association or certificate of incorporation and by laws, if applicable, in the case of a corporation or the limited liability company operating agreement and the certificate of formation, in the case of a limited liability company.

"Issuer Documents" means the Indenture, the Administration Agreement, the Account Agreement, any Hedge Agreements, the Liquidity Agreements, the Placement Agency Agreement, each CP Note Placement Agreement, each Class A-1A Note Placement Agreement, each Subscription Agreement for the Preference Shares, the Collateral Administration Agreement, the Issuing and Paying Agency Agreement, the Preference Share Paying Agency Agreement and the Paying Agency Agreement with the Paying Agent in Ireland

"Securities" means the Notes and the Preference Shares.

"Securityholders" means the holders of the Securities.

2. Appointment of the Collateral Manager; General Duties of the Collateral Manager.

(a) The Issuer hereby appoints the Collateral Manager as its investment adviser and manager with respect to the Collateral and authorizes the Collateral Manager to perform such services and take such actions on its behalf as are contemplated hereby and to exercise such other powers as are delegated to the Collateral Manager hereby, in each case, together with such authority and powers as are reasonably incidental thereto. Accordingly, the Collateral Manager accepts such appointment and shall provide the Issuer with the following services:

(i) The Collateral Manager agrees to supervise and direct the administration of the Collateral, and shall, on behalf of the Issuer, perform (or direct the performance of) the duties and obligations of the Collateral Manager required by the Indenture, including the furnishing of applicable Issuer Orders, Issuer Requests and officer's certificates, and such certifications as are required of the Collateral Manager under the Indenture with respect to permitted acquisitions and dispositions of the Collateral Debt Securities, Eligible Investments and other assets, and other matters, and the Collateral Manager shall have the power to execute and deliver all necessary and appropriate documents and instruments on behalf of the Issuer with respect thereto. The Collateral Manager shall perform its obligations under this Agreement with reasonable care, in good faith and exercising a degree of skill and attention no less than that generally exercised by institutional managers of national standing for clients in substantially similar transactions, except as expressly provided otherwise in this Agreement and/or the Indenture. To the extent not inconsistent with the foregoing, the Collateral Manager may follow its customary standards, policies and procedures and exercise a degree of skill and attention no less than that which it exercises for itself and for other clients in substantially similar transactions. The Collateral Manager shall be bound to follow any amendment, supplement or other modification to the Indenture or the Collateral Administration Agreement of which it has received a copy from the Issuer or the Trustee; except that the Collateral Manager shall not be bound by any amendment, supplement or other modification to the Indenture or any other agreement that affects the rights, powers, obligations or duties of the Collateral Manager unless the Collateral Manager has received written notice thereof and a copy of such proposed amendment, supplement or other modification and has provided its prior written consent thereto.

(ii) The Collateral Manager shall (a) effect the acquisition or disposition of the Collateral Debt Securities and Eligible Investments (including the reinvestment of proceeds therefrom in Substitute Collateral Debt Securities as permitted by the Indenture), (b) manage the acquisition and settlement of Collateral Debt Securities by the Issuer, (c) notify the Trustee and the Issuer when it receives notice that any Collateral Debt Security is subject to an Offer and advise the Trustee with respect to any disposition or tender of a Collateral Debt Security or Eligible Investment by the Issuer, (d) conduct Auctions in accordance with the terms of the Indenture, (e) from time to time, direct the Issuer with respect to the issuance of the CP Notes under the Issuing and Paying Agency Agreement and in accordance with each CP Note Placement Agreement, (f) negotiate (as appropriate) with the issuers of Collateral Debt Securities and Eligible Investments, and (g) determine the rights and remedies of the Issuer in connection with the Collateral Debt Securities and the Eligible Investments.

(iii) The Collateral Manager shall monitor the Collateral on behalf of the Issuer and, on an ongoing basis, provide to the Issuer, all schedules, reports and other information and data in its possession which the Issuer is required to prepare and deliver under the Indenture (other than those reports, schedules, and other data that the Collateral Administrator is required to prepare and/or deliver, pursuant to the Indenture or the Collateral Administration Agreement), the Issuing and Paying Agency Agreement and the Preference Share Paying Agency Agreement, in such forms and containing such information as is required thereby, in sufficient time for any such schedules and other information and data to be reviewed and for such reports to be generated and distributed by the Issuer or the Trustee, as the case may be, to the parties entitled thereto under the Indenture and the Preference Share Paying Agency Agreement. The obligation of the Collateral Manager to furnish the Issuer with such schedules and other information and data is subject to the Collateral Manager's timely receipt of necessary reports and the appropriate information from the Person responsible for the delivery of or preparation of such reports and such information (including, without limitation, the Rating Agencies, the Collateral Administrator and the Trustee). To the extent that such reports and information are not timely received, the Collateral Manager shall promptly request such reports and information and shall use commercially reasonable efforts to obtain such information from such Persons. With respect to any Synthetic Security, the Collateral Manager may conclusively rely upon information provided by the related Synthetic Security Counterparty, as calculation agent under the terms of such Synthetic Security.

(iv) The Collateral Manager may on behalf of the Issuer take or direct the Trustee to take the following actions with respect to a Collateral Debt Security or an Eligible Investment:

(A) cause the Trustee to acquire, sell or otherwise dispose of such Collateral Debt Security or Eligible Investment in the circumstances permitted or required under the Indenture;

(B) review any proposed amendment, modification or waiver of the Underlying Instruments governing any Collateral Debt Security or Eligible Investment and consent or withhold consent;

(C) cause the Trustee to acquire, exercise any rights or remedies with respect to such Collateral Debt Security or Eligible Investment as provided in the related Underlying Instruments, subject to the terms and limitations set forth in the Indenture;

(D) if applicable, tender such Collateral Debt Security or Eligible Investment pursuant to an Offer;

(E) retain or dispose of any securities, obligations or other property (if other than cash) received pursuant to an Offer;

(F) negotiate, execute and deliver all necessary or appropriate agreements, documents and instruments on behalf of the Issuer, including, without limitation, any Hedge Agreement, Liquidity Agreement, agreements in respect of Collateral Debt Securities and agreements in respect of other Collateral;

(G) act as an Authorized Representative of the Issuer with respect to, and as defined in, the Issuing and Paying Agency Agreement, including the authority, on behalf of the Issuer, to give all instructions the Issuer is entitled to deliver thereunder;

(H) waive, modify, amend or terminate agreements, documents and instruments on behalf of the Issuer, including, without limitation, any Hedge Agreement, Liquidity Agreement, agreements in respect of Collateral Debt Securities and agreements in respect of other Collateral;

(I) retain legal counsel and other professionals (such as financial advisers) to assist in the negotiation, documentation and restructuring of Collateral Debt Securities, Hedge Agreements, Liquidity Agreements, Equity Securities and Eligible Investments; and

(J) exercise any other rights or remedies (including voting or refraining from voting) with respect to such Collateral Debt Securities, Equity Security, Eligible Investment, Liquidity Agreement or any Hedge Agreement as provided in the related Underlying Instruments (and/or related confirmation or other documentation, in respect of a Synthetic Security, Hedge Agreement or Liquidity Agreement) or take any other action consistent with the terms of the Indenture and with the standard of care set forth herein.

(v) On or prior to any day which is a Redemption Date or Auction Date, the Collateral Manager shall direct the Trustee to enter into contracts to dispose of the Collateral Debt Securities and any other Collateral pursuant to the Indenture and otherwise comply with all redemption procedures and certification requirements in the Indenture in order to allow the Trustee to effect such redemption.

(vi) The Collateral Manager shall consult, upon reasonable notice at reasonable times, with the Rating Agencies and the Trustee, as requested by any such party, with respect to Collateral Debt Securities in connection with its duties under this Section 2, and provide information reasonably requested by such parties or required by the Indenture.

(b) In performing its duties hereunder and in connection with any transactions involving the Collateral Debt Securities, the Collateral Manager shall carry out any written directions of the Issuer and reasonably cooperate with the Issuer for the purpose of the Issuer's compliance with the Indenture, so long as such direction or other action is not inconsistent with the Collateral Manager's duties or rights hereunder.

(c) In furtherance of the foregoing, the Issuer hereby appoints the Collateral Manager and each successor Collateral Manager duly appointed pursuant to Section 12 as the Issuer's true and lawful agent and attorney-in-fact, with full power of substitution and full authority in the Issuer's name, place and stead and without any necessary further approval of the Issuer, in connection with the performance of the Collateral Manager's duties provided for in this Agreement, including the following powers (subject in all cases to the limitations set forth in the Indenture): (a) to sign, execute, certify, swear to, acknowledge, deliver, file, receive and record any and all documents which the Collateral Manager reasonably deems necessary or appropriate in connection with its investment management duties under this Agreement and (b) to (i) vote in its discretion any securities, instruments or obligations included in the Collateral, (ii) execute proxies, waivers, consents and other instruments with respect to such securities, instruments or obligations, (iii) endorse, transfer or deliver such securities, instruments and obligations, (iv) participate in or consent (or decline to consent) to any modification, work-out, restructuring, bankruptcy proceeding, class action, plan of reorganization, merger, combination, consolidation, liquidation or similar plan or transaction with regard to such securities, instruments and obligations and (v) take any other action specified in this Section 2 or otherwise incidental to or in furtherance of the performance of its obligations hereunder. The foregoing power of attorney is a continuing power, is irrevocable and is coupled with an interest and it shall survive and not be affected by the subsequent dissolution, bankruptcy or termination of the Issuer; provided that, this grant of power of attorney will expire, and the Collateral Manager shall cease to have any power to act as the Issuer's attorney-in-fact, upon (x) termination of this Agreement in accordance with its terms, (y) as to a removed or resigning Collateral Manager, the effectiveness of such removal or resignation or (z) as to the assigning Collateral Manager, any assignment in whole by the Collateral Manager of its obligations under this Agreement in accordance with Section 15 hereof; provided further, that any such expiration shall not affect any transaction initiated prior to such expiration. Nevertheless, if so requested by the Collateral Manager or a purchaser or assignee of a Collateral Debt Security, Equity Security or Eligible Investment, the Issuer shall ratify and confirm any such sale, assignment or other disposition by executing and delivering to the Collateral Manager or such purchaser or counterparty all proper bills of sale, assignments, releases and other instruments as may be designated in any such request.

3. Brokerage.

The Issuer hereby acknowledges that the Collateral Manager shall be authorized to select the brokers and dealers through which transactions for the acquisition or disposition of Eligible Investments and Collateral Debt Securities will be effected and that the Issuer shall be responsible for brokerage commissions with respect to such transactions. The Collateral Manager shall seek to obtain the best execution for all orders placed with respect to the Collateral Debt Securities, considering all circumstances. Subject to the objective of obtaining best execution, the Collateral Manager may take into consideration all factors the Collateral Manager reasonably determines to be relevant, including, without limitation, the size of the order or transaction, timing, general relevant trends and research and other brokerage services and support equipment and services related thereto furnished to the Collateral Manager or its Affiliates by brokers and dealers that are not Affiliates of the Collateral Manager. Such services may be used by the Collateral Manager or its Affiliates in connection with its other advisory activities or investment operations. The Collateral Manager may aggregate sales, assignments and purchase orders (or entries into) of securities placed with respect to the Collateral Debt Securities with similar orders being made simultaneously for other accounts managed by the Collateral Manager or with accounts of the Affiliates of the Collateral Manager, if in the Collateral Manager's sole judgment such aggregation shall result in an overall economic benefit to the Issuer taking into consideration pricing, brokerage commission and other expenses. In accounting for such aggregated order price, commission and other expenses shall be averaged on a per bond or loan (as applicable) basis daily. The Issuer acknowledges that the determination of any such economic benefit by the Collateral Manager is subjective and represents the Collateral Manager's evaluation at the time that the Issuer will be benefited by relatively better pricing, lower commission expenses and beneficial timing of transactions or a combination of these and other factors. When any aggregate sales or purchase orders occur, the objective of the Collateral Manager (and any of its Affiliates involved in such transactions) shall be to allocate the executions among the accounts in an equitable manner and consistent with its obligations hereunder and under applicable law.

With the prior authorization of the Issuer, which is hereby given and can be revoked at any time, the Collateral Manager and/or its Affiliates may enter into agency cross-transactions where it or any of its Affiliates acts as broker for the Issuer and for the other party to the transaction, to the extent permitted under applicable law, in which case any such Affiliate will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction.

A more complete description of the Collateral Manager's policies with respect to participations and interests in client transactions, and investment and brokerage discretion, is set forth in Part II of the Collateral Manager's most recent Form ADV, a copy of which has been delivered to the Issuer.

All acquisitions and dispositions of Collateral Debt Securities by the Collateral Manager on behalf of the Issuer shall be conducted in compliance with this Agreement and the Indenture.

4. Additional Activities of the Collateral Manager.

Nothing herein shall prevent the Collateral Manager or any of its Affiliates from engaging in other businesses, or from rendering services of any kind to the Issuer, the Trustee, the Preference Share Paying Agent, the Liquidity Counterparty, the Securityholders or any other Person. Without limiting the generality of the foregoing, the Collateral Manager and the directors, officers, employees and agents of the Collateral Manager and its Affiliates may, subject to applicable law:

(a) serve as directors (whether supervisory or managing), officers, employees, agents, nominees or signatories for any issuer of any Collateral Debt Security or Eligible Investment included in the Collateral, to the extent permitted by their respective Governing Documents, as from time to time amended, or by any resolutions duly adopted by the Issuer or any issuer of any securities included in the Collateral, pursuant to their respective Governing Documents;

(b) receive fees for services rendered to the issuer of any Reference Obligation (with respect to a Synthetic Security), Collateral Debt Security or Eligible Investments included (or, in the case of a Reference Obligation, as to which the related Synthetic Security is included) in the Collateral or any direct or indirect Securityholder;

(c) be retained to provide services unrelated to this Agreement to the Issuer and be paid therefor;

(d) be a secured or unsecured creditor of, or hold an equity interest in, the Issuer (other than ordinary shares) or any Affiliate of an issuer of any Reference Obligation (with respect to a Synthetic Security), Collateral Debt Security or Eligible Investment; and

(e) subject to Section 9 hereof, serve as a member of any "creditors' board" or "creditors' committee" with respect to any Reference Obligation (with respect to a Synthetic Security), Collateral Debt Security which (or, in the case of a Reference Obligation, as to which the related Synthetic Security) has become, or, in the Collateral Manager's reasonable opinion, may become, a Defaulted Security.

It is understood that the Collateral Manager and any of its Affiliates may engage in any other business and furnish services of any kind to others, including Persons which may have investment policies similar to or different from those required to be followed by the Collateral Manager with respect to the Collateral Debt Securities and which may own (directly or synthetically) securities of the same class, or which are the same type, as the Reference Obligations, the Collateral Debt Securities or the Eligible Investments or other securities of the issuers of Reference Obligations, Collateral Debt Securities or Eligible Investments. The Collateral Manager and any of its Affiliates shall be free, in its or their sole discretion, to make recommendations to others and to effect transactions on behalf of itself or for others, which may be the same as or different from those effected with respect to the Collateral. It is understood and agreed that the members, officers and directors of the Collateral Manager may engage in any other business activity or render services for its own account or to any other Person or serve as partners, employees, officers or directors of any other firm or corporation.

Subject to applicable law, nothing contained in this Agreement shall prevent the Collateral Manager or any of its Affiliates, from acting either as principal or agent on behalf of others, from buying or selling (directly or synthetically), or from recommending to or directing any other account to buy or sell, at any time, securities of the same kind or class, or securities of a different kind or class of the same issuer, as those managed or directed by the Collateral Manager to be sold hereunder or under the Indenture. It is understood that, to the extent permitted by applicable law, the Collateral Manager, its Affiliates, and any officer, director, stockholder or employee of the Collateral Manager or any such Affiliate or any member of their families or a Person advised by the Collateral Manager may have an interest in a particular transaction or in securities of the same kind or class, or securities of a different kind or class issued by the same issuer, as those managed (directly or synthetically) or whose sale the Collateral Manager may direct hereunder.

5. Conflicts of Interest.

(a) The Issuer acknowledges that various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral Manager and its Affiliates, including those described in the final Offering Circular, dated May 24, 2007, relating to the Offered Securities (the "Offering Circular") and the Private Placement

Memorandum dated May 24, 2007, relating to the CP Notes, as amended and supplemented (the "Private Placement Memorandum" and together with the Offering Circular, the "Offering Memoranda"). The Collateral Manager and/or its Affiliates may have ongoing relationships with, render service to, finance and engage in transactions with, and may own debt or equity securities issued by issuers of certain of the Reference Obligations and Collateral Debt Securities. The Collateral Manager, its Affiliates and/or its clients may invest in securities that are senior or subordinated to, or have interests different from or adverse to, the Reference Obligations and Collateral Debt Securities. The interests of such parties may be different than or adverse to the interest of the Holders of the Securities. In addition, such Persons may possess information relating to the Reference Obligations and Collateral Debt Securities which is not known to the individuals at the Collateral Manager responsible for monitoring the Collateral Debt Securities and performing the other obligations under the Indenture and this Agreement. Such Persons will not be required (and may not be permitted) to share such information or pass it along to the Issuer, the Collateral Manager or any Securityholder. Neither the Collateral Manager nor any of such Persons will have liability to the Issuer or any Securityholder for failure to disclose such information or for taking, or failing to take, any action based upon such information. Although the officers and employees of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate, the officers and employees may have conflicts in allocating their time and services among the Issuer and the Collateral Manager's and its Affiliates' other accounts.

(b) It is expected that one or more Affiliates or employees of the Collateral Manager will purchase 100% of the Preference Shares and 100% of each Class of Notes, other than the Super Senior Notes. In certain circumstances, the interests of the Issuer and/or the Noteholders and/or the Preference Shareholders with respect to matters as to which the Collateral Manager is advising the Issuer may conflict with the interests of the Collateral Manager, including, without limitation, in its (or its Affiliates') capacity as a Holder (or advisor of a Holder), directly of indirectly, of Preference Shares or Notes. The Issuer hereby acknowledges and consents to various potential and actual conflicts of interest that may exist with respect to the Collateral Manager as described above and in the Offering Memoranda; provided, however, that nothing in this Section 5 shall be construed as altering the duties or liabilities of the Collateral Manager as expressly set forth herein.

(c) The Collateral Manager may direct the Trustee to acquire a Collateral Debt Security or Eligible Investment from, or sell or assign a Collateral Debt Security or Eligible Investment to, the Collateral Manager or any of its Affiliates as principal or any account or portfolio managed or advised by the Collateral Manager or any of its Affiliates as principal (the "Collateral Manager Parties"); on condition that (i) the board of directors of the Issuer has received from the Collateral Manager such information relating to such acquisition or sale as the board of directors may reasonably require and has approved such acquisition or sale and the price in advance, and (ii) if a Collateral Debt Security is purchased from or sold or assigned to one of the Collateral Manager Parties, the purchase price or sale price (or upfront payment, in the case of a Synthetic Security) thereof is in no event greater or less than, respectively, (A) if such Collateral Debt Security is of a type issued by the related issuer and owned by Persons other than the Issuer or one of the Collateral Manager Parties, an amount equal, (i) if acquired or entered into by the Issuer, to the lower, and (ii) if sold by the Issuer, to the higher, in each case, of the bona fide bids for such Collateral Debt Security obtained by the Collateral Manager at the time of such acquisition, entrance into or disposition from any two dealers (which shall not be any of the Collateral Manager Parties) unaffiliated with each other and the Collateral Manager and chosen by the Collateral Manager, or (B) if two such bids are not obtained, or if such Collateral Debt Security is not of a type owned by such other Persons, an amount equal to the original purchase price paid by the Issuer (or fixed premium rate in the case of a Synthetic Security) or such Collateral Manager Party therefor, as applicable, less any repayment of principal made with respect thereto, provided, for the sake of clarity, that any such transaction shall nevertheless be conducted on an arm's-length basis and on terms as favorable to the Issuer as would be the case if it were not with a Collateral Manager Party as set forth above in this sentence. In addition to the above, any acquisition or disposition made pursuant to the first sentence of this clause (c) will also be made in compliance with the Advisers Act. The Issuer agrees that the conditions set forth in this paragraph are met with respect to the Collateral Debt Securities purchased by agreement among the Issuer, the Collateral Manager and an affiliate of the Placement Agent on the Closing Date.

6. Records; Requests for Information; Confidentiality.

(a) The Collateral Manager shall maintain appropriate books of account and records relating to services performed hereunder, and such books of account and records shall be accessible for inspection by a representative of the Issuer, the Trustee, the Liquidity Counterparty, the Preference Share Paying Agent, the Securityholders, each Rating Agency and the Independent Accountants appointed by the Issuer pursuant to Article X of the Indenture at any time during the Collateral Manager's normal business hours and upon not less than two Business Days' prior notice. The Collateral Manager shall respond to reasonable requests for information in respect of the operations and performance of the Collateral Manager hereunder or the Indenture from Securityholders.

(b) The Collateral Manager shall keep confidential any and all information obtained in connection with the services rendered hereunder and shall not disclose any such information to non-affiliated third parties except (none of which exceptions shall be deemed an affirmative duty to disclose any such information to any Person) (i) with the prior written consent of the Issuer, (ii) such information as a Rating Agency shall reasonably request in connection with any rating of the Securities, (iii) as required under any applicable law or regulation, Governing Document, Underlying Instrument or court order or by rule, regulation or request of any self-regulating organization, body or official having jurisdiction over the Collateral Manager, (iv) to its professional advisors, (v) such information as shall have been publicly disclosed other than in violation of this Agreement, (vi) such information as may be necessary or desirable in order for the Collateral Manager to prepare, publish and distribute to any Person any information relating to the investment performance of the Collateral or any Collateral Debt Security or Eligible Investment contained therein, (vii) in connection with the enforcement of the Collateral Manager's rights hereunder or in any dispute or proceeding related hereto,

(viii) in connection with establishing trading or investment accounts or otherwise in connection with effecting transactions on behalf of the Issuer or (x) such information that was or is obtained by the Collateral Manager on a non-confidential basis. For purposes of this Section 6, the Trustee, the Hedge Counterparties, the Collateral Administrator, the direct and indirect Securityholders, potential purchasers of the Securities (or, in the case of any book entry Securities, beneficial interests therein), the Preference Share Paying Agent, the Extendible Note Dealers, the Issuing and Paying Agent, the Liquidity Counterparty, the CP Dealers and the Placement Agent shall in no event be considered "non-affiliated third parties."

7. Certain Obligations of the Collateral Manager.

(a) Subject to the terms of the Indenture and subject to the limitations set forth in Section 10 hereof, the Collateral Manager shall not take any action, and shall extend commercially reasonable effort to ensure that no action is taken, that would (a) adversely affect the status of the Issuer for purposes of Cayman Islands law, United States federal or state law or any other law which is known by the Collateral Manager to be applicable to the Issuer, (b) not be permitted by the Issuer's Governing Documents, (c) violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Issuer, including, without limitation, actions that would violate any Cayman Islands law or any United States federal, state or other applicable securities law which is known by the Collateral Manager to be applicable to the Issuer, (d) require registration of the Issuer or the pool of Collateral as an "investment company" under the Investment Company Act, or (e) result in the Issuer violating the terms of the Indenture, the Issuer's Governing Documents, the Issuing and Paying Agency Agreement, the Liquidity Agreements or the Preference Share Paying Agency Agreement, in each case subject to any applicable cure periods, including any that would be applicable under Section 5.01 of the Indenture.

(b) The Collateral Manager shall be entitled to treat any notice or other communication that on its face comes from the Trustee, the Issuer or the board of directors as having been sent by the Trustee, the Issuer or the board of directors, as applicable, unless it has actual knowledge that the Trustee, the Issuer or the board of directors has not sent such notice or other communication.

8. Compensation.

In addition to reimbursement of any costs and expenses provided for in Section 26 and in consideration of the performance of the obligations of the Collateral Manager hereunder and under the Indenture, the Collateral Manager shall be entitled to receive on each Quarterly Distribution Date, in arrears, the Collateral Management Fee. The Collateral Management Fee shall be prorated in accordance with the Indenture with respect to any partial Due Period as to which this Agreement is in effect; provided, however, that any amounts payable by the Issuer to the Collateral Manager as indemnification under this Agreement shall be paid in full. To the extent not paid on any Distribution Date when due, any Collateral Management Fee will be deferred and will be payable on subsequent Distribution Dates in accordance with the Priority of Payments. Any accrued and unpaid Collateral Management Fees that are deferred due to the operation of the Priority of Payments will not accrue interest. Any Collateral Management Fee accrued but not paid prior to the resignation or removal of a Collateral Manager shall continue to be payable to such Collateral Manager on the Quarterly Distribution Date immediately following the effectiveness of such resignation or removal and on each Quarterly Distribution Date thereafter until paid in full.

The Collateral Manager may pay over or otherwise transfer or credit to any Affiliate all or any portion of the Collateral Management Fee received by the Collateral Manager for so long as any Securities are owned by such Affiliate. The Collateral Manager is not obligated and does not intend to make any similar payment of any portion of its Collateral Management Fee to any other Person.

9. Benefit of the Agreement.

(a) The Collateral Manager shall perform its obligations hereunder in accordance with this Agreement and the terms of the Indenture specified as applicable to it in accordance with the standard of care set forth herein to protect the interests of the Securityholders.

(b) The Collateral Manager agrees and consents to the provisions contained in Section 15.04(a), (b) and (c) of the Indenture.

10. Limits of Collateral Manager Responsibility; Indemnification.

(a) Notwithstanding anything set forth in the Indenture or the Collateral Administration Agreement to the contrary, the Collateral Manager assumes no responsibility under this Agreement other than to render the services called for hereunder and under the terms of the Indenture or the Collateral Administration Agreement specified as applicable to it consistent with the standard of care set forth in Section 2(a)(i) hereof and, subject to the standard of liability described in the next succeeding sentence, shall not be responsible for any action of the Issuer, the Trustee, the Issuing and Paying Agent or the Preference Share Paying Agent in following or declining to follow any recommendation or direction of the Collateral Manager or for any action or inaction of the Collateral Administrator. The Indemnified Parties (as defined below) shall not be liable to the Issuer, the Issuing and Paying Agent, the Preference Share Paying Agent, the Trustee, the Securityholders or any other Person, for any error of judgment, mistake of law, or for any claim, loss, liability, damage, settlement, costs or other expense (including reasonable attorneys' fees and court costs) arising out of any investment, or for any other act or omission in the performance of its obligations to the Issuer under this Agreement or the terms of the Indenture specified as applicable to the Collateral Manager, except to the extent arising from acts or omissions of any Indemnified Party constituting or arising from a Collateral Manager Breach. The Collateral Manager may delegate to an agent any or all of the duties assigned to the Collateral Manager hereunder; provided, that, except as expressly provided herein (including Section 16 hereof), no delegation by the Collateral Manager of any of its duties hereunder shall relieve the Collateral Manager of any of its duties hereunder nor relieve the Collateral Manager of any liability with respect to the performance of such duties. In taking actions under the Collateral Management Agreement, the Collateral Manager will be entitled to rely upon any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by a Person authorized to give or make such notice, request, certificate, consent, statement, instrument, document or other writing. The Collateral Manager may consult with legal counsel (which may be counsel for an issuer of any Collateral Debt Security, Equity Security or Eligible Investment or any of such issuer's affiliates), independent accountants and other experts selected by it in good faith, and will not be liable for any action taken or not taken by it in good faith in accordance with the advice of any such counsel, accountants or experts. The Collateral Manager shall not be liable for any consequential, punitive, exemplary or treble damages or lost profits hereunder. Nothing contained herein shall be deemed to waive any liability that cannot be waived under applicable state or federal law or any rules or regulations adopted thereunder.

(b) The Issuer shall reimburse, indemnify and hold harmless the Collateral Manager, its directors, officers, partners, members, stockholders, agents, designees and employees and any Affiliate of the Collateral Manager and its directors, officers, partners, members, stockholders, agents, designees and employees (the Collateral Manager and such other Persons collectively, the "Indemnified Parties") from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and disbursements), as are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation (whether or not such Indemnified Party is a party) caused by, or arising out of or in connection with this Agreement, the Indenture or any of the Offering Memoranda, and the transactions contemplated hereby and thereby, except acts or omissions of any Indemnified Party constituting or arising from a Collateral Manager Breach. The Collateral Manager, its directors, officers, stockholders, agents and employees may consult with counsel and accountants with respect to the affairs of the Issuer and shall be fully protected and justified, to the extent allowed by law, in acting, or failing to act, if such action or failure to act is taken or made in good faith in accordance with the advice or opinion of such counsel or accountants and consistent with the standard of care set forth in Section 2(a)(i) hereof. Nothing contained herein shall be deemed to waive any liability that cannot be waived under applicable state or federal law or any rules or regulations adopted thereunder.

(c) The Collateral Manager shall indemnify and hold harmless the Issuer from and against any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees) in respect of or arising out of: (i) the information relating to, and provided by or on the behalf of, the Collateral Manager set forth under or omitted from the captions "The Collateral Manager" and "Risk Factors—Conflicts of Interest Involving the Collateral Manager" in the Offering Circular and "Bear Stearns Asset Management Inc." in the Private Placement Memorandum or in any comparable sections of any other offering memorandum, offering memoranda or private placement memorandum prepared by the Issuer in connection with any additional issuance of Securities (collectively, the "Collateral Manager Information"); provided, however, that the indemnity provided in this subsection (c) shall extend to any distribution of the Offering Memoranda or any other such offering memorandum, offering memoranda or private placement memorandum relating to such additional issuance of Securities after the initial distribution in connection with the initial sale and any additional issuance of the Notes and the initial and subsequent sales of the CP Notes, including any amendments and supplements thereto, only if such distribution occurs prior to the effective date of any removal or resignation of the Collateral Manager and only to the extent that the Collateral Manager is notified prior to such distribution and provided with copies of any proposed amendment or supplement in each case in time reasonably adequate to permit a review thereof by the Collateral Manager and only to the extent any changes, supplements or modifications proposed by the Collateral Manager with respect to the Collateral Manager Information are accurately and completely incorporated therein; and (ii) any acts or omissions of the Collateral Manager constituting gross negligence, bad faith or willful misconduct in the performance, or reckless disregard, of the duties of the Collateral Manager or its directors, officers, stockholders, agents and employees hereunder or under the terms of the Indenture specified as applicable to the Collateral Manager (the matters specified in clauses (i) and (ii), collectively, the "Collateral Manager Breaches"). Any amounts to be paid by the Collateral Manager in respect of its indemnification of the Issuer under this Section 10(c) will be payable only upon and to the extent that a court of competent jurisdiction has found in a judgment which has become final (and is not subject to appeal) that the related expenses, losses, damages, liabilities, demands, charges or claims resulted from a Collateral Manager Breach.

11. No Partnership or Joint Venture.

The Issuer and the Collateral Manager are not partners or joint venturers with each other and nothing herein shall be construed to make them such partners or joint venturers or impose any liability as such on either of them. The Collateral Manager shall be deemed, for all purposes herein, an independent contractor and shall, unless otherwise expressly provided herein or authorized by the Issuer from time to time, have no authority to act for or represent the Issuer in any way or otherwise be deemed an agent of the Issuer.

12. Term; Resignation by Collateral Manager.

(a) This Agreement shall continue in force until the first of the following occurs: (i) the payment in full of the Notes and the redemption of the Preference Shares and the termination of the Indenture, the Issuing and Paying Agency Agreement and the Preference Share Paying Agency Agreement in accordance with their terms; (ii) the liquidation of the Collateral and the final distribution of the proceeds of such liquidation in accordance with the terms of the Indenture and the Preference Share Paying Agency Agreement; (iii) the termination of this Agreement in accordance with this Section 12 or Section 13 hereof; or (iv) if the Notes are no longer Outstanding, then upon notice of termination from the Holders of more than 66 2/3% of the Outstanding Preference Shares.

(b) Subject to the provisions of Section 12(c) and Section 14 hereof, the Collateral Manager may resign upon 90 days' prior written notice to the Issuer, the Trustee, the Issuing and Paying Agent, the Preference Share Paying Agent, the Liquidity Counterparty, each CP Dealer, each Extendible Note Dealer, the Placement Agent and the Rating Agencies, subject to the appointment of a successor Collateral Manager as described below.

(c) The Collateral Manager may be removed without cause upon 90 days' (or such shorter notice as is acceptable to the Collateral Manager) prior written notice to the Collateral Manager (with a copy sent to each Rating Agency and the Placement Agent) by the Issuer. The Issuer agrees that prior to the delivery by it of a notice of termination or removal pursuant to this subsection (c), it shall obtain the consent of the Holders of not less than 66 2/3% of the Aggregate Outstanding Amount of each Class of Notes (voting separately) and the consent of Holders of not less than 66 2/3% of the Outstanding Preference Shares; provided, however, that such termination or removal shall not be effective until the date as of which a successor Collateral Manager has been appointed as described below.

(d) No termination of this Agreement pursuant to this Section 12 or termination of the Collateral Manager pursuant to Section 13 hereof shall be effective until (i) written notification shall have been provided in accordance with this Section 12 or Section 13 hereof (ii) a successor Collateral Manager has been appointed pursuant to Section 14 hereof, and (iii) the Rating Condition is satisfied with respect to such appointment. The Collateral Manager shall reasonably assist and cooperate with the Trustee, the Preference Share Paying Agent and the Issuer (as reasonably requested by the Trustee, the Preference Share Paying Agent or the Issuer) in the assumption of the Collateral Manager's duties by any successor Collateral Manager as provided for in this Agreement, as applicable.

(e) If this Agreement terminates pursuant to Section 12(a) hereof or is terminated pursuant to Sections 12(b) or 13 hereof, such termination shall be without any further liability or obligation of the Issuer or the Collateral Manager to the other, except as provided in Sections 10 and 15 hereof.

(f) Upon expiration of the applicable notice period with respect to termination specified in Sections 12 or 13, as applicable, hereof and, if applicable, upon the acceptance by a successor Collateral Manager, of such appointment, all authority and power of the Collateral Manager under this Agreement and the Indenture, whether with respect to the Collateral or otherwise, shall automatically and without further action by any Person pass to and be vested in the successor Collateral Manager.

13. Termination of Collateral Manager for Cause.

This Agreement may be terminated and the Collateral Manager may be removed for cause upon 20 days' prior written notice (with a copy to the Trustee, the Issuing and Paying Agent, the Preference Share Paying Agent, the Placement Agent and the Liquidity Counterparty) to the Collateral Manager, the Rating Agencies and the Noteholders, at the direction of (i) the

Holders of at least a Majority-in-Interest of Preference Shareholders (such percentage to be determined after excluding any Collateral Manager Securities) with the consent of the Put Counterparty (so long as a Put Agreement is in effect), (ii) the Put Counterparty independently (so long as a Put Agreement is in effect), or (iii) a Majority of the Controlling Class. For purposes of determining "cause" with respect to termination of this Agreement, such term shall mean any one of the following events:

(a) willful and intentional breach by the Collateral Manager of any provision of this Agreement or the terms of the Indenture specified as applicable to the Collateral Manager (other than actions in connection with good faith efforts to resolve documentary ambiguities and conflicts);

(b) breach by the Collateral Manager of any provision of this Agreement or the terms of the Indenture specified as applicable to the Collateral Manager that has a material adverse effect on the Issuer, the Notes or the Preference Shares and the failure to cure such breach (if such breach can be cured) within 30 days' of becoming aware (or receiving notice) of it;

(c) the Collateral Manager is wound up or dissolved or there is appointed over it or all or substantially all of its assets a receiver, administrator, administrative receiver, trustee or similar officer; or the Collateral Manager (i) admits in writing its inability to pay its debts as they become due and payable, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, its creditors generally; (ii) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of the Collateral Manager or all or substantially all of its properties or assets, or authorizes such an application or consent, or proceedings seeking such appointment are commenced without such authorization, consent or application against the Collateral Manager and continue unstayed for 60 consecutive days; (iii) authorizes or files a voluntary petition in bankruptcy, or applies for or consents (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganization, arrangement, readjustment of debt, insolvency or dissolution, or authorizes such application or consent, or proceedings to such end are instituted against the Collateral Manager without such authorization, application or consent and are approved as properly instituted and remain unstayed for 60 consecutive days or result in adjudication of bankruptcy or insolvency; or (iv) permits or suffers all or substantially all of its properties or assets to be sequestered or attached by court order and the order remains unstayed for 60 consecutive days;

(d) the occurrence of an Event of Default under the Indenture (other than those set forth in Sections 5.01(f) and (g) of the Indenture) resulting primarily from a breach by the Collateral Manager of its duties under this Agreement or under the terms of the Indenture specified as applicable to the Collateral Manager;

(e) the occurrence of an act by the Collateral Manager or its Affiliates that constitutes fraud or criminal activity in the performance of the Collateral Manager's obligations under this Agreement or the indictment of the Collateral Manager or any of the current senior officers or directors who are primarily responsible for the management of the Collateral for a criminal offense materially related to the investment management business; or

(*f*) the Collateral Manager consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another Person and either (i) at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee Person fails to or cannot assume all the obligations of such party under this Agreement or (ii) the resulting, surviving or transferee Person lacks the legal capacity to perform the obligations of the Collateral Manager under this Agreement and the Indenture under which the Collateral Manager acts as an agent on behalf of the Issuer.

If any of the events specified in subsections (a) through (*f*) of this Section 13 shall occur, the Collateral Manager shall give prompt written notice thereof to the Issuer, the Trustee, the Liquidity Counterparty, the Issuing and Paying Agent, each CP Dealer, each Extendible Note Dealer, the Placement Agent and the Holders of all Outstanding Securities promptly upon the Collateral Manager's becoming aware of the occurrence of such event. If a dispute arises as to whether cause exists to remove the Collateral Manager in accordance with the foregoing, the Trustee shall have no obligation to determine whether cause exists and may petition any court of competent jurisdiction for a determination.

14. Provisions for Successor or Substitute Collateral Manager.

Any successor or substitute Collateral Manager must be an established institution that (i) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager hereunder, (ii) is legally qualified and has the capacity to act as Collateral Manager hereunder as successor to the Collateral Manager and will agree to assume in writing all of the Collateral Manager's duties and obligations pursuant hereto and (iii) shall not cause the Issuer or the Collateral to be required to be registered under the Investment Company Act. No resignation or removal of the Collateral Manager shall be effective until a substitute Collateral Manager meeting the criteria in clauses (i) through (iii) above is duly appointed and the Rating Condition is satisfied with respect to such appointment.

In connection with any removal of the Collateral Manager for cause or any resignation by the Collateral Manager, a Majority-in-Interest of Preference Shareholders will be entitled to propose (in writing and within 30 days of such removal or resignation) a successor Collateral Manager, whereupon the Holders of 66 2/3% of the Aggregate Outstanding Amount of the Controlling Class (the "Requisite Noteholders") may, by written notice (delivered on a date no fewer than 30 days and no more than 60 days after the date of receipt of notice of the proposed successor), elect one of the following: (i) to approve the removal or resignation and the proposed successor or (ii) to terminate the Reinvestment Period effective as of the date of such notice. If the Requisite Noteholders fail to provide such written notice, the Requisite Noteholders shall be deemed to have elected option (i). The Trustee shall promptly provide a copy of any notices received in connection with the foregoing sentence to the Preference Share Paying Agent (for delivery to the Holders of the Preference Shares), the Collateral Manager, the Rating Agencies and the Liquidity Counterparty. If the Requisite Noteholders elect to terminate the Reinvestment Period pursuant to option (ii), the Requisite Noteholders will identify and appoint a successor Collateral Manager whose responsibilities will be appropriately limited to activities associated with managing a static portfolio including, but not limited to, selling Defaulted Securities and Credit Risk Securities, in accordance with the Indenture. Such successor Collateral Manager must be ready and able to assume the duties of the Collateral Manager within 30 days of the date of such notice of election to terminate the Reinvestment Period. If no successor Collateral Manager has been appointed within 30 days of the date of such notice or an instrument of acceptance by a successor Collateral Manager has not been delivered to the resigning or removed Collateral Manager within 20 days after the appointment by the Issuer of the successor Collateral Manager, the resigning or removed Collateral Manager or the Trustee at the direction of the Requisite Noteholders may petition any court of competent jurisdiction for the appointment of a successor Collateral Manager without the approval of the Liquidity Counterparty or the Holders of any of the Securities.

Notwithstanding anything herein to the contrary, if the appointment of a successor Collateral Manager is not effective within 30 days of its proposal (or such later date as specified herein), then the resigning or removed Collateral Manager or the Trustee at the direction of the Requisite Noteholders may petition any court of competent jurisdiction for the appointment of a successor Collateral Manager without the approval of the Liquidity Counterparty or any Securityholders or satisfying the Rating Condition, as the case may be.

15. Action Upon Termination.

From and after the effective date of termination of this Agreement, the Collateral Manager shall not be entitled to compensation for further services hereunder, but shall be paid all compensation accrued to the date of termination, as provided in Section 8 hereof (pro rated as appropriate) and shall be entitled to receive any amounts owing under Section 10 hereof, with such payment to be made on the next Quarterly Distribution Date and each Quarterly Distribution Date thereafter in accordance with the priority of payments set forth in Section 11.02(a) of the Indenture until paid in full. Upon such termination, the Collateral Manager shall as soon as practicable:

(i) deliver to the Issuer or to such other Person as the Issuer shall instruct all property and documents of the Trustee or the Issuer or otherwise relating to the Collateral then in the custody of the Collateral Manager (although the Collateral Manager may keep copies of such documentation for its records); and

(ii) deliver to the Trustee or any successor Collateral Manager appointed pursuant to Section 13 or Section 14 hereof its books and records with respect to the Collateral Debt Securities.

Notwithstanding such termination, (i) the Collateral Manager shall remain liable for its obligations arising under Section 10 hereof prior to such termination (subject to the limitations thereof) and (ii) the Issuer shall remain liable for its obligations under Sections 8, 10 and 26.

16. Assignments.

The Collateral Manager may assign its rights and obligations under this Agreement to a substitute Collateral Manager. Any such substitute Collateral Manager shall be a successor Collateral Manager as defined herein. Any assignment, including assignments as determined by reference to the Advisers Act, of the rights and obligations of the Collateral Manager under this Agreement to any Person, in whole or in part, by the Collateral Manager will require that the Rating Condition be satisfied and, in the case of an assignment to a non-Affiliate, the consent of the Liquidity Counterparty and a Majority-in-Interest of Preference Shareholders (excluding any Collateral Manager Securities, unless 100% of the Preference Shares are held by the Collateral Manager or its Affiliates).

Any assignment made in accordance with this Agreement shall bind the assignee hereunder in the same manner as the Collateral Manager is bound. In addition, the assignee shall execute and deliver to the Issuer and the Trustee a counterpart of this Agreement naming such assignee as Collateral Manager. Upon the execution and delivery of such a counterpart by the assignee, the Collateral Manager shall be released from further obligation pursuant to this Agreement, except with respect to its obligations arising under Section 10 hereof prior to such assignment (subject to the limitations thereof) and except with respect to its obligations under Section 15 hereof. This Agreement shall not be assigned by the Issuer without the prior written consent of the Collateral Manager and the Liquidity Counterparty and satisfying the Rating Condition, except in the case of assignment by the Issuer (i) to an entity which is a successor to the Issuer permitted under the Indenture, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Issuer is bound thereunder or (ii) to the Trustee as contemplated by the Granting Clauses and Section 15.01 of the Indenture. In the event of any assignment by the Issuer, the Issuer shall use reasonable efforts to cause its successor to execute and deliver to the Collateral Manager such documents as the Collateral Manager shall consider reasonably necessary to effect fully such assignment.

Each of the Collateral Manager and the Issuer hereby consents to the assignment of this Agreement as provided in Section 15.01 of the Indenture.

17. Representations, Warranties and Covenants.

(a) The Issuer hereby represents, warrants and covenants to the Collateral Manager as follows:

(i) The Issuer has been duly incorporated and is validly existing under the laws of the Cayman Islands, has the full power and authority as an exempted company with limited liability to own its assets and the securities proposed to be owned by it and included in the Collateral and to transact the business in which it is presently and proposed to be engaged and is duly qualified under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires, or the performance of its obligations under this Agreement, the Indenture or the Securities would require, such qualification, except for failures to be so qualified, authorized or licensed that would not in the aggregate have a material adverse effect on the business, operations, assets or financial condition of the Issuer.

(ii) The Issuer has full power and authority as an exempted company with limited liability to execute, deliver and perform the Issuer Documents and the Securities, and all obligations required under the Securities and the Issuer Documents and has taken all necessary action to authorize the Securities and the Issuer Documents on the terms and conditions hereof and thereof and the execution, delivery and performance of the Securities and the Issuer Documents and the performance of all obligations imposed upon it hereunder and thereunder. No consent of any other Person including, without limitation, Preference Shareholders and creditors of the Issuer, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by the Issuer in connection with the Securities and the Issuer Documents or the execution, delivery, performance, validity or enforceability of the Securities or the Issuer Documents or the obligations imposed upon it hereunder or thereunder except as has been made or obtained. This Agreement constitutes, and each instrument or document required to be executed and delivered by the Issuer and all other parties hereto and hereunder, when so executed and delivered hereunder, will consitute, the legally valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, subject, as to enforcement, to (a) the effect of bankruptcy, insolvency or similar laws affecting generally the enforcement of creditors' rights, as such laws would apply in the event of any bankruptcy, receivership, insolvency or similar event applicable to the Issuer and (b) general equitable principles (whether enforceability of such principles is considered in a proceeding at law or in equity).

(iii) The execution, delivery and performance of this Agreement and the documents and instruments required to be executed and delivered by the Issuer hereunder will not violate any provision of any existing law or regulation binding on the Issuer, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on the Issuer, or the Governing Documents of, or any securities issued by, the Issuer or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Issuer is a party or by which the Issuer or any of their respective assets is or may be bound, the violation of which would have a material adverse effect on the business, operations, assets or financial condition of the Issuer, and will not result in or require the creation or imposition of any lien on any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking (other than the lien of the Indenture). Without limiting the generality of the foregoing, the Issuer hereby represents and warrants to the Collateral Manager that the execution and delivery of the Securities and the Issuer Documents, and the performance by the respective parties thereto of the transactions contemplated thereunder does not conflict with any provision of law of the Cayman Islands or any provisions of the Issuer's Governing Documents.

(iv) The Issuer is not in violation of its Governing Documents or in breach or violation of or in default under this Agreement, any Issuer Document or any contract or agreement to which it is a party or by which it or any of its assets may be bound, or any applicable statute or any rule, regulation or order of any court, government agency or body having jurisdiction over the Issuer or its properties, the breach or violation of which or default under which would have a material adverse effect on the ability of the Issuer to perform its obligations under, or the validity and enforceability of, this Agreement or any other Issuer Document.

(v) The Offering Memoranda as of the respective dates thereof and as of the Closing Date do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation or warranty is made as to statements in or omissions from the sections entitled "The Collateral Manager" in the Offering Circular and "Bear Stearns Asset Management Inc." in the Private Placement Memorandum.

(vi) The Issuer is not an "investment company" required to register under the Investment Company Act, and has not engaged in any transaction that would result in the violation of, or require the Issuer or the pool of Collateral to register as an investment company under, the Investment Company Act.

(vii) True and complete copies of the Issuer Documents and the Issuer's Governing Documents have been or, no later than the Closing Date, will be delivered to the Collateral Manager. The Issuer agrees to deliver a true and complete copy of each and every amendment to any Issuer Document as promptly as practicable after its adoption or execution.

(b) The Collateral Manager hereby represents, warrants and covenants to the Issuer as follows:

(i) The Collateral Manager is a corporation, duly organized, validly existing and in good standing under the laws of the State of New York and has full power and authority to own its assets and to transact the business in which it is currently engaged and is duly qualified as a corporation and is in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires, or the performance of this Agreement would require such qualification, except for those jurisdictions in which the failure to be so qualified, authorized or licensed would not have a material adverse effect on the ability of the Collateral Manager to perform its obligations hereunder, or on the validity or enforceability of this Agreement and the provisions of the Indenture specified as applicable to the Collateral Manager.

(ii) The Collateral Manager is a registered investment adviser under the Advisers Act.

(iii) The Collateral Manager has full power and authority as a corporation to execute, deliver and perform this Agreement and all obligations required hereunder and under the provisions of the Indenture specified as applicable to the Collateral Manager and has taken all necessary action to authorize this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder and under the terms of the Indenture specified as applicable to the Collateral Manager. No consent of any other Person, including, without limitation, stockholders or creditors of the Collateral Manager, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by the Collateral Manager in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement or the obligations required hereunder or under the terms of the Indenture specified as applicable to the Collateral Manager except as has been made or obtained. This Agreement has been executed and delivered by the Collateral Manager and this Agreement constitutes the valid and legally binding obligations of the Collateral Manager enforceable against the Collateral Manager in accordance with its terms, subject, as to enforcement, to (a) the effect of bankruptcy, insolvency or similar laws affecting generally the enforcement of creditors' rights, as such laws would apply in the event of any bankruptcy, receivership, insolvency or similar event applicable to the Collateral Manager and (b) general equitable principles (whether enforceability of such principles is considered in a proceeding at law or in equity).

(iv) The execution, delivery and performance of this Agreement and the terms of the Indenture specified as applicable to the Collateral Manager and the documents and instruments required hereunder or under such terms of the Indenture do not violate any provision of any existing law or regulation binding the Collateral Manager, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on the Collateral Manager, or the Governing Documents of, or any securities issued by the Collateral Manager or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Collateral Manager is a party or by which the Collateral Manager or any of its assets may be bound, the violation of which would have a material adverse effect on the business operations, assets or financial condition of the Collateral Manager, and shall not result in or require the creation or imposition of any lien on any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

(v) The sections relating to the Collateral Manager entitled "Risk Factors—Other Risk Factors—Conflicts of Interest Involving the Collateral Manager" and "The Collateral Manager" contained in the Offering Circular and "Bear Stearns Asset Management Inc." in the Private Placement Memorandum or in any comparable sections of any offering memorandum, offering memoranda or private placement memorandum prepared with the consent of the Collateral Manager in connection with any additional issuance of Securities pursuant to Sections 2.11 and 2.12 of the Indenture does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) The Collateral Manager makes no representation, express or implied, with respect to the Issuer or any other party to the Issuer Documents other than the Collateral Manager or the disclosure with respect to any such party.

18. Notices.

Unless expressly provided otherwise herein, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing (including by telecopy) and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of registered or certified mail, postage prepaid, return receipt requested, or, in the case of telecopy notice, when received in legible form, addressed as set forth below:

(a) If to the Issuer:

High Grade Structured Credit CDO 2007-1
P.O. Box 1093 GT
Queensgate House, South Church Street
George Town, Grand Cayman
Cayman Islands
Fax: (345) 945-7100
Attention: The Directors

(b) If to the Collateral Manager:

Bear Stearns Asset Management Inc.
383 Madison Avenue
New York, New York 10179
Telecopy: (917) 849-1003
Attention: Matthew Tannin

(c) If to the Rating Agencies:

Moody's Investors Service Inc.
99 Church Street
New York, New York 10007
Telecopy: (212) 553-4170
Attention: CBO/CLO Monitoring Group

Standard & Poor's Ratings Service
55 Water Street
41st Floor
New York, New York 10041-0003
Telecopy: (212) 438-2664
Attention: Asset Backed-CBO/CLO Surveillance

A copy of any notices to the Issuer or the Trustee hereunder shall also be delivered to the Collateral Manager.

Any party may alter the address or telecopy number to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 18 for the giving of notice.

19. Employment of Third Parties.

In providing services hereunder, the Collateral Manager may, without the prior consent of the Issuer or any Securityholder employ (and, except as provided in Section 26, bear the cost for) third parties, including its Affiliates, to render advice and assistance; provided, however, that the Collateral Manager shall not be relieved of any of its duties, liabilities and obligations hereunder regardless of the performance of any services by third parties.

20. Binding Nature of Agreement; Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns as provided herein.

21. Entire Agreement.

This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

22. Conflict with the Indenture.

If this Agreement requires any action to be taken with respect to any matter and the Indenture requires that a different action be taken with respect to such matter, and such actions are mutually exclusive, the provisions of the Indenture in respect thereof shall control. The Collateral Manager agrees to be bound by the terms of the Indenture specified as applicable to it.

23. Priority of Payments; Non-Recourse.

The Collateral Manager agrees that the payment of all amounts to which it is entitled pursuant to this Agreement shall be subject to the Priority of Payments set forth in Article XI of the Indenture and shall be payable only to the extent funds are available in accordance with such priorities.

Notwithstanding any other provision of this Agreement, the liability of the Issuer to the Collateral Manager hereunder is limited in recourse to the Collateral and to the extent the proceeds of the Collateral, when applied in accordance with the Priority of Payments, are insufficient to meet the obligations of the Issuer hereunder in full, the Issuer shall have no further liability in respect of any such outstanding obligations which shall be extinguished and shall not thereafter revive. No recourse shall be had against any officer, member, director, employee, security holder or incorporator of the Issuer or their respective successors or assigns for the payment of any amounts payable under this Agreement. No recourse shall be had against any officer, member, director, employee, security holder or incorporator of the Collateral Manager or their respective successors or assigns for the payment of any amounts payable under this Agreement. The provisions of this Section 23 shall survive termination of this Agreement for any reason whatsoever.

24. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW).

25. Indulgences Not Waivers.

Neither the failure nor any delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

26. Costs and Expenses.

The Collateral Manager will be responsible for its own ordinary expenses incurred in the course of performing its obligations hereunder (but not any expenses otherwise payable by the Issuer under the Indenture or the Preference Share Paying Agent under the Preference Share Paying Agency Agreement); except that the Collateral Manager will not be liable for the payment of (and such amounts shall constitute Administrative Expenses of the Issuer) (a) the costs and expenses (including the fees and disbursements of counsel and accountants) incurred by the Collateral Manager in connection with the negotiation and preparation of and the initial execution of this Agreement and all matters incident thereto; (b) the reasonable expenses and costs of legal advisers, accountants and other professionals retained by the Issuer or by the Collateral Manager, in connection with the performance of the Collateral Manager's duties under this Agreement and the Indenture and otherwise in the amendment, enforcement or administration of any Issuer Document; (c) legal advisers and other professionals retained by the Issuer or by the Collateral Manager on the Issuer's behalf for the restructuring of, or the enforcement of rights under, the Collateral and otherwise in the amendment, enforcement or administration of any Issuer Document; (d) the fees and expenses of employing legal advisers and consultants in connection with the entry into, purchase, disposition and management of Collateral Debt Securities, Equity Securities, Eligible Investments or any other Collateral and the possible amendment, default, bankruptcy or restructuring of any of the foregoing (including any Reference Obligation of any Synthetic Security) or any other Collateral; (e) the cost of any fees related to the administration and monitoring of the Securities, the Collateral Debt Securities (including, with respect to Synthetic Securities, the related Reference Obligations) and any other assets to be purchased or entered into for inclusion as Collateral, including any amendments thereto, and including, without limitation, the cost of any research software or credit databases used by the Collateral Manager in connection with its management of the Collateral Debt Securities; (f) amounts payable to the Collateral Manager (other than the Collateral Management Fee) pursuant hereto; (g) amounts payable pursuant to the Collateral Administration Agreement; and (h) the travel expenses (airfare, meals, lodging and other transportation) incurred by the Collateral Manager as is reasonably necessary in connection with the services it renders hereunder; provided, that to the extent such amounts remain unpaid on any Quarterly Distribution Date, such amounts shall be paid from funds available therefor in the Collection Account and the Expense Reserve Account. Expenses and costs payable to the Collateral Manager under this Section 26 shall be paid only to the extent of available funds in the Collection Account and shall be subject to the conditions, times and priority of distribution set forth in the Indenture.

27. Titles Not to Affect Interpretation.

The titles of sections and subsections contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

28. Execution in Counterparts.

This Agreement may be executed in any number of counterparts by facsimile or other written form of communication, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

29. Provisions Separable.

The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

30. Number and Gender.

Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

31. Issuer's Receipt of Form ADV.

The Issuer hereby acknowledges receipt of Part II of the Collateral Manager's Form ADV, as filed with the U.S. Securities and Exchange Commission or any state commissioner of banking, insurance and securities, or similar state regulatory agency, as applicable, together with any amendments thereto, more than 48 hours prior to the entering into of this Agreement.

32. Amendment or Modification.

No amendment or modification of this Agreement shall be valid or binding unless set forth in writing. Other than amendments to Section 34 hereof (Investment Guidelines) based on written advice from nationally recognized tax counsel, this Agreement may not be amended or modified without the prior written consent of the Trustee and (so long as any Short Term Notes are outstanding, the Liquidity Counterparty), which consent shall not be unreasonably withheld, and satisfaction of the Rating Condition. The Issuer must provide notice of any amendment or modification of this Agreement to each Rating Agency rating the Securities at the time of any such amendment or modification.

33. Non-Petition.

The Collateral Manager hereby agrees not to institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings or other proceedings under U.S. federal or state bankruptcy or similar laws until at least one year and one day or the then applicable preference period under applicable bankruptcy laws plus one day after the payment in full of all Notes issued under the Indenture and the Issuing and Paying Agency Agreement, as applicable, and the redemption of the Preference Shares pursuant to the Governing Documents and the Preference Share Paying Agency Agreement; provided, however, that nothing in this Section 33 shall preclude the Collateral Manager (A) from taking any action prior to the expiration of the aforementioned one year and one day period or the then applicable preference period in (x) any case or proceeding voluntarily filed or commenced by the Issuer, or (y) any involuntary insolvency proceeding filed or commenced against the Issuer by a Person other than the Collateral Manager, or (B) from commencing against the Issuer or any properties of the Issuer any legal action which is not a bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceeding. The provisions of this Section 33 shall survive termination of this Agreement for any reason whatsoever.

34. Investment Restrictions.

The Collateral Manager shall be deemed to have complied with any obligation with respect to causing or making reasonable efforts to cause the Issuer to not be treated as engaged in a U. S. trade or business for United States federal income tax purposes, if (x) the Collateral Manager satisfies the requirements set forth in clauses (a) through (g) of this Section 34 or (y) complies with the advice of nationally recognized tax counsel in the United States to the effect that the applicable action, when considered in light of the other activities of the Issuer, will not cause the Issuer to be treated as engaged in a trade or business within the United States for United States federal income tax purposes.

(a) The Collateral Manager shall not cause the Issuer to receive any fees for services paid by an obligor in respect of the origination or syndication of a Cash Security.

(b) In directing the Issuer to enter into Synthetic Securities, the Collateral Manager shall not (a) hold the Issuer out as, or cause the Issuer to hold itself out as, being generally willing to enter into, assume, offset, assign or otherwise terminate either side of (i.e., not just one side of) (i) interest rate, currency, equity, credit default or commodity swaps or caps or (ii) derivative financial instruments (including options, forward contracts, short positions, and similar instruments) in any commodity, currency, share of stock, partnership or trust, note, bond, debenture or other evidence of indebtedness, swap or cap or (b) request, or cause the Issuer to request, that any Synthetic Security Counterparty sponsor or manage any transaction involving the issuance of securities for the purpose of the Issuer's entry into Synthetic Securities that will reference such securities.

(c) The Collateral Manager shall not take any action that it actually knows would cause the Issuer to be required to register as or become subject to regulatory supervision or other legal requirements under the laws of any country or political subdivision thereof as a bank, insurance company or finance company or would cause the Issuer to be treated as a bank, insurance company or finance company for purposes of (i) any tax, securities law or other filing or submission made to any governmental authority, (ii) any application made to a rating agency or (iii) qualification for any exemption from tax, securities law or any other legal requirements. The Collateral Manager agrees not to cause the Issuer to hold itself out to the public as a bank, insurance company or finance company.

(d) The Collateral Manager shall not cause the Issuer to hold itself out to the public, through advertising or otherwise, as originating loans, lending funds, or making a market in loans or other assets.

(e) The Collateral Manager shall not cause the Issuer to acquire a Cash Security unless it (or, if it is a certificate of beneficial interest in an entity that is treated as a grantor trust or a partnership and not as a REMIC for United States federal income tax purposes, each of the debt instruments or securities held by such entity) is described in at least one of the following four clauses:

(i) the Cash Security was issued pursuant to an effective registration statement under the Securities Act in a firm commitment underwriting for which neither the Collateral Manager nor an Affiliate thereof served as underwriter;

(ii) the Cash Security was not purchased by the Issuer (A) from its issuer or from the Collateral Manager, (B) pursuant to a legally binding commitment made before the issuance of the Cash Security or (C) from any Affiliate of the Collateral Manager or any account, issuer or fund managed or controlled by the Collateral Manager or any of its Affiliates unless (1) such Affiliate, account or fund regularly acquires securities of the same type for its own account, (2) such Affiliate, account or fund could have held the Cash Security for its own account consistent with its investment policies, (3) such Affiliate, account or fund did not identify the Cash Security as intended for sale to the Issuer within 90 days of its issuance and (4) such Affiliate, account or fund held the Cash Security for at least 90 days;

(iii) the Cash Security (A) was issued pursuant to an effective registration statement under the Securities Act in a best efforts underwriting or (B) is a privately placed obligation or security eligible for resale under Rule 144A or Regulation S under the Securities Act, and;

(A) the Cash Security was originally issued pursuant to an Offering Circular, private placement memorandum or similar offering document;

(B) if the Collateral Manager or an Affiliate thereof is acting or acted as an underwriter or placement agent or the Collateral Manager or an Affiliate thereof or an employee of the Collateral Manager or any of its Affiliates otherwise participated in the negotiation or structuring of the issuance of such Cash Security, the Issuer, the Collateral Manager and the Affiliates of the Collateral Manager and accounts and funds managed or controlled by the Collateral Manager or any of its Affiliates either (A) did not at original issuance acquire 50% or more of the aggregate principal amount of any class of securities offered by the issuer of the Cash Security in the offering and any related offering or (B) did not at original issuance acquire 33% or more of the aggregate principal amount of all classes of securities offered by the issuer of the Cash Security in the offering and any related offering; provided, in each case, that any acquisition by an Affiliate of the Collateral Manager (other than a direct or indirect subsidiary of the Collateral Manager) or any account or fund managed by an Affiliate of the Collateral Manager (other than a direct or indirect subsidiary of the Collateral Manager) shall be included only if the Collateral Manager or any of its employees or agents knew or had reason to know of such acquisition; and

(C) the Issuer, the Collateral Manager and any Affiliate of the Collateral Manager did not participate in negotiating or structuring the terms of the Cash Security, except (A) to the extent such participation consisted of an election by the Issuer, the Collateral Manager or an Affiliate of the Collateral Manager to tranche the subordinate classes of securities of an issue in the form of one of the structuring options offered by the issuer of the securities or (B) for the purposes of (i) commenting on offering documents to an unrelated underwriter or placement agent where the ability to comment on such documents was generally available to investors, (ii) due diligence of the kind customarily performed by investors in securities; provided that granting or withholding consent, after the date the Issuer has acquired such security, to any amendments or other modifications of its terms shall not be deemed to be participating in the negotiation or structuring of the terms of such security; provided, further, that to the extent that any Affiliate of the Collateral Manager either directly, or indirectly through the conduit issuer of an investment bank, is the sponsor or the issuer of the Cash Security, such Affiliate of the Collateral Manager may in addition participate in negotiating or structuring the terms of such security on behalf of such issuer; provided further that any participation in negotiating or structuring by any Affiliate of the Collateral Manager that is not a direct or indirect subsidiary of the Collateral Manager shall be included only if the Collateral Manager or any of its employees or agents knew or had reason to know of such participation; or

(iv) it is the sole material obligation of a repackaging vehicle formed and operated exclusively to hold a single obligation described in at least one of clauses (i), (ii), and (iii), which vehicle may also hold a guarantee or a derivative financial instrument designed solely to offset one or more terms of such obligation.

(f) The Collateral Manager shall not cause the Issuer to acquire a Cash Security unless (A) (i) the Issuer meets the certification and other requirements to receive payments thereunder free of withholding tax, (ii) the issuer thereof is required to make additional payments sufficient on an after-tax basis to cover any withholding tax imposed on payments made to the Issuer thereunder or (iii) the issuer thereof has obtained or expects to obtain in the ordinary course and not more than six weeks following the issuance thereof an exemption from withholding tax for the entire period during which the Securities will be Outstanding; and (B) neither the Collateral Manager nor an Affiliate thereof owns any other security issued by the issuer of the Cash Security, if as a result of such ownership, any payments to the Issuer under such Cash Security would be subject to withholding tax, unless the issuer thereof is required to make additional payments sufficient on an after-tax basis to cover any withholding tax imposed on payments made to the Issuer thereunder. The Collateral Manager shall not cause the Issuer to acquire a Cash Security if it knows that the gain or proceeds from the disposition of such security will be subject to United States federal income or withholding tax under Section 897 of Section 1445 of the Code and Treasury Regulations promulgated thereunder.

(g) The Collateral Manager shall not cause the Issuer to acquire a Cash Security unless it meets one (or more) of the following conditions: (i) the Cash Security is the obligation of a single issuer incorporated as a corporation under the state or Federal laws of the United States; (ii) the Issuer has received an opinion of counsel that the issuer of the Cash Security will be treated as a corporation for United States federal income tax purposes; (iii) the Issuer has received an opinion of counsel that (A) owning the Cash Security will not subject the Issuer to United States federal income tax on a net income basis or cause the Issuer to be treated as engaged in a trade or business within the United States or (B) the issuer of the Cash Security will not be treated as engaged in a trade or business within the United States; (iv) the Issuer has received an opinion of counsel that such Cash Security will be or should be treated as debt for United States federal income tax purposes; (v) the Issuer has received an opinion of counsel that for United States federal income tax purposes (A) the issuer of the Cash Security is a grantor trust and (B) all the assets of the trust consist of (1) assets treated as debt for United States federal income tax purposes, (2) regular interests in a REMIC or FASIT and/or (3) notional principal contracts (within the meaning of Treasury Regulations) designed to hedge interest rate risk with respect to assets held directly or indirectly by the trust or (vi) the offering documents pursuant to which the Cash Security was issued refer to an opinion of counsel that non-U.S. holders will not be subject to any U.S. withholding tax if they are eligible for the exemption for "portfolio interest" under Section 871(h) of the Code; provided that (w) if there has been no relevant change in any of the organizational documents of an entity issuing a Cash Security since its issuance, the Issuer shall be treated as having received an opinion of counsel that such entity will not be treated as engaged in a trade or business within the United States if the Issuer either has obtained a tax opinion of counsel to that effect rendered at the time of its issuance or has obtained offering documents that include an opinion of counsel to such effect or state that an opinion of counsel to such effect has been rendered, (x) for purposes of this paragraph, an opinion of counsel that the issuer of an obligation will be treated as a REMIC or FASIT for United States federal income tax purposes shall be treated as an opinion of counsel that such obligation will be treated as debt for United States federal income tax purposes (unless such obligation is the residual interest in the REMIC or the ownership interest in the FASIT), (y) if there has been no relevant change in the terms of an obligation since its issuance and prior to its acquisition, the Issuer shall be treated as having received an opinion of counsel that it will or should be treated as debt if the Issuer either has obtained a tax opinion of counsel to that effect rendered at the issuance of such obligation or has received offering documents pursuant to which such obligation was offered that include a tax opinion of counsel to such effect or state that an opinion of counsel to such effect has been rendered; and (z) provided that there has been no relevant change in any of the organizational documents of an entity issuing an obligation since its issuance, the Issuer shall be treated as having received an opinion that such entity will be treated as a corporation, grantor trust, REMIC or FASIT (as the case may be) for United States federal income tax purposes if the Issuer either has obtained an opinion of counsel to that effect rendered at the time of its issuance or has obtained offering documents that include an opinion of counsel to such effect or state that an opinion of counsel to such effect has been rendered.

35. Third Party Beneficiary

The Collateral Manager agrees that the Placement Agent and each CP Dealer is an intended third party beneficiary of Section 17(b) and each Section hereof requiring the delivery of a written notice or copy thereof to the Placement Agent or the CP Dealers, respectively.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized representatives on the day and year first above written.

HIGH GRADE STRUCTURED CREDIT CDO 2007-1

By: ______________________________
Name: Wendy Ebanks
Title: Director

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized representatives on the day and year first above written.

BEAR STEARNS ASSET MANAGEMENT INC.

By: [signature]
Name: Ralph Cioffi
Title: Senior Managing Director

EXHIBIT C

THE BOND MARKET ASSOCIATION

Master Repurchase Agreement

September 1996 Version

Dated as of December 5, 2003

Between: Banc of America Securities LLC

and Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd.

1. Applicability

From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or other assets ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto and in any other annexes identified herein or therein as applicable hereunder.

2. Definitions

(a) "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party's inability to pay such party's debts as they become due;

(b) "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;

(c) "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Buyer's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(d) "Buyer's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Seller's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction;

(e) "Confirmation", the meaning specified in Paragraph 3(b) hereof;

(f) "Income", with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon;

(g) "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;

(h) "Margin Excess", the meaning specified in Paragraph 4(b) hereof;

(i) "Margin Notice Deadline", the time agreed to by the parties in the relevant Confirmation, Annex I hereto or otherwise as the deadline for giving notice requiring same-day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice);

(j) "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);

(k) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360 day per year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);

(l) "Pricing Rate", the per annum percentage rate for determination of the Price Differential;

(m) "Prime Rate", the prime rate of U.S. commercial banks as published in The Wall Street Journal (or, if more than one such rate is published, the average of such rates);

(n) "Purchase Date", the date on which Purchased Securities are to be transferred by Seller to Buyer;

(o) "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;

(p) "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof;

(q) "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof;

(r) "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination;

(s) "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Seller's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(t) "Seller's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

3. Initiation; Confirmation; Termination

(a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.

(b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.

(c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the business day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

4. Margin Maintenance

(a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

(b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).

(c) If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any business day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next business day following such notice.

(d) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.

(e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

(f) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

5. Income Payments

Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or (B) if an Event of Default with respect to Seller has occurred and is then continuing at the time such Income is paid or distributed.

6. Security Interest

Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

7. Payment and Transfer

Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

8. Segregation of Purchased Securities

To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they [will]* [may]** be subject to liens granted by Seller to [its clearing bank]* [third parties]** and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegregate substitute securities for Buyer will be subject to Seller's ability to satisfy [the clearing]* [any]** lien or to obtain substitute securities.

* Language to be used under 17 C.F.R. ß403.4(e) if Seller is a government securities broker or dealer other than a financial institution.

** Language to be used under 17 C.F.R. ß403.5(d) if Seller is a financial institution.

9. Substitution

(a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

(b) In Transactions in which Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in this Agreement substitution by Seller of other Securities for Purchased Securities; provided, however, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

10. Representations

Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

11. Events of Default

In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one business day's notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

(a) The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The nondefaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.

(b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and (iii) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession or control.

(c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.

(d) If the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, the nondefaulting party, without prior notice to the defaulting party, may:

> (i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices

and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and

(ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

(e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.

(f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of the option referred to in subparagraph (a) of this Paragraph.

(g) The defaulting party shall be liable to the nondefaulting party for (i) the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a result of an Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.

(h) To the extent permitted by applicable law, the defaulting party shall be liable to the nondefaulting party for interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the nondefaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the nondefaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.

(i) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

12.Single Agreement

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

13.Notices and Other Communications

Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified in Annex II hereto, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

14.Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

15.Non-assignability; Termination

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be terminated by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(b) Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

16.Governing Law

This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

17.No Waivers, Etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraph 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

18.Use of Employee Plan Assets

(a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

19.Intent

(a) The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

(c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

20. Disclosure Relating to Certain Federal Protections

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and

(c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

Banc of America Securities LLC	Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd.
By: [signature]	By: [signature]
Name: Roger H. Heintzelman	Name: Matthew Tannin
Title: Principal	Title: Portfolio Manager
Date: 12/9/03	Date: 12/5/03

ANNEX I
Supplemental Terms and Conditions

This Annex I forms a part of the Master Repurchase Agreement dated as of December 5, 2003 (the "Agreement") between Banc of America Securities LLC and Bear Stearns High Grade Structured Credit Strategies Fund. Capitalized terms used but not defined in this Annex I shall have the meanings ascribed to them in the Agreement.

1. Other Applicable Annexes. In addition to this Annex I and Annex II, the following selected Annexes and any Schedules thereto shall form a part of the Agreement and shall be applicable thereunder:

[ ]	Annex III	(International Transactions)
[ ]	Annex IV	(Party Acting as Agent (agent, manager, investment adviser or trustee))
[ ]	Annex V	(Margin for Forward Transactions)
[ ]	Annex VI	(Buy/Sell Back Transactions)
[ ]	Annex VII	(Transactions Involving Registered Investment Companies)

2. Submission to Jurisdiction and Waiver of Immunity.

(a) Each party irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of any United States Federal or New York State court sitting in Manhattan, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement and (ii) waives, to the fullest extent it may effectively do so, any defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place of residence or domicile.

(b) To the extent that either party has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from setoff or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) with respect to itself or any of its property, such party hereby irrevocably waives and agrees not to plead or claim such immunity in respect of any action brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement.

3. Additional Events of Default. In addition to the Events of Default set forth in Paragraph 11 of the Agreement, it shall be an "Event of Default" if:

(a) as a result of sovereign action or inaction (directly or indirectly), Buyer or Seller becomes unable to perform any absolute or contingent obligation to make a payment or transfer or to receive a payment or transfer in respect of any Transaction under the Agreement or to comply with any other material provision of the Agreement relating to such Transaction; or

4. Representations and Warranties. In addition to the representations and warranties made pursuant to Paragraph 10 of the Agreement, each party in addition represents and warrants to the other party that no material adverse change in such party's financial condition has occurred since the date of the most recent financial statements furnished by such party to the other party, and such financial statements are complete and correct and fairly present such party's financial condition and results of operations as at and for the period ended on the date thereof, all in accordance with generally accepted accounting principles and practices applied on a consistent basis.

5. Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

6. No Reliance. In addition to the representations and warranties set forth in Paragraph 10 of the Agreement, each party hereby makes the following representations and warranties in connection with the Agreement and each Transaction under the Agreement, which shall continue until the settlement of any such Transaction:

(a) unless there is a written agreement with the other party to the contrary, it is not relying on any advice (whether written or oral) of the other party, other than the representations expressly set out in the Agreement;

(b) it has made and will make its own decisions regarding the entering into and exercise of any Transaction under the Agreement based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult; and

(c) it understands the terms, conditions and risks of each Transaction under the Agreement and is willing to assume (financially and otherwise) those risks.

7. Recording of Conversations. Each party to this Agreement acknowledges and agrees to the tape recording of conversations between trading and marketing personnel of the parties to this Agreement whether by one or other or both of the parties or their agents, and that any such tape recordings may be submitted in evidence in any proceedings relating to the Agreement.

8. Evidence of Authority. Each party agrees to deliver to the other party the following documents:-

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
Both parties	Certified copies of all corporate authorizations and any other documents with respect to the execution, delivery and performance of this Agreement	Upon execution and delivery of this Agreement
Both parties	Certificate of authority and specimen signatures of individuals executing this Agreement any Credit Support Document and Confirmations	Upon execution and delivery of this Agreement and thereafter upon request of the other party

Accepted and Agreed:

Banc of America Securities LLC	Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd.
By: [signature]	By: [signature]
Name: Roger H. Heintzelman	Name: Matthew Tannin
Title: Principal	Title: Portfolio Manager
Date: 12/1/03	Date: 12/5/03

Annex II

Names and Addresses for Communications Between Parties

Corporate Headquarters:

Banc of America Securities LLC
Bank of America Corporate Center
100 North Tryon Street
NC1-007-06-06
Charlotte, North Carolina 28255

Documentation Issues:

Banc of America Securities LLC
429 Berkeley Avenue
Bloomfield, NJ 07003
Attn: Celia M. Bader
Phone: 973-743-1903
Fax: 973-743-1904

Operational Issues:

Banc of America Securities LLC
200 North College Street, 3rd Floor
NC1-004-03-44
Charlotte, North Carolina 28255
Attn: Stuart Baughan, Vice President
Phone: (704) 388-4970
Fax: (704) 388-5719/5720

Name of Party: Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd

Contact: Matthew Tannin

Street Address: 383 Madison Avenue

City, State, Zip Code: New York, NY 10179

Telephone No.: 212-272-3118

Fax No.: 917-849-1003

Email address: mtannin@bear.com

AMENDMENT TO THE MASTER REPURCHASE AGREEMENT

The Master Repurchase Agreement dated as of December 5, 2003, including the applicable Annexes (the "Agreement"), between Banc of America Securities LLC and Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd. shall be amended as set forth below. All capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

Amendments.

1. The following new provision shall be added to the end of Annex I:

9. Additional Remedies upon an Event of Default. In addition to the remedies available to the nondefaulting party set forth in Paragraph 11 ("Events of Default") of the Agreement, upon the occurrence of an Event of Default with respect to the defaulting party ("Party X"), the nondefaulting party ("Party Y") may, without prior notice to Party X, set off any sum or obligation (whether arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by Party X to Party Y or any affiliate of Party Y ("Party Y's Set Off Amount") against any sum or obligation (whether arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by Party Y or any affiliate of Party Y to Party X ("Party X's Set Off Amount"). Party Y will give notice to Party X of any set off effected under this Section 9.

For this purpose, either Party Y's Set Off Amount or Party X's Set Off Amount (or the relevant portion of such amounts) may be converted at Party Y's option into the currency in which the other set off amount is denominated at the rate of exchange at which Party Y would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

If an obligation is unascertained, Party Y may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

This Section 9 shall be without prejudice and in addition to any right of set off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

2. Annex II shall be amended by deleting Seller's Address for Notices and replacing it with the following:

Celia M. Bader
Banc of America Securities LLC
Global Markets Trading Agreements
28 Spicy Pond Road
Howell, NJ 07731
Tel. 732-367-7236
Fax: 732-367-7237

With a copy to:
Bank of America, N.A.
Global Markets Trading Agreements
100 North Tryon Street, NC1 - 007-13-01
Charlotte, NC 28255
Tel: 704-387-0056
Fax: 704-386-4113

Entire Agreement. This Amendment constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communications or prior writings (except as otherwise provided herein) with respect thereto.

Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine.

Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers, thereunto duly authorized, as of June 11, 2007.

Banc of America Securities LLC

By: Robert H Karr
Title: MD
Date: 6/12/07

Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd.

By:
Title: Matthew Tannin Authorized Signatory
Date: 6/13/07

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THE BOND MARKET ASSOCIATION

Master Repurchase Agreement

September 1996 Version

Dated as of 7/28/06

Between: Banc of America Securities LLC

and Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd.

1. Applicability

From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or other assets ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto and in any other annexes identified herein or therein as applicable hereunder.

2. Definitions

(a) "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party's inability to pay such party's debts as they become due;

(b) "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;

(c) "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Buyer's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(d) "Buyer's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Seller's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction;

(e) "Confirmation", the meaning specified in Paragraph 3(b) hereof;

(f) "Income", with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon;

(g) "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;

(h) "Margin Excess", the meaning specified in Paragraph 4(b) hereof;

(i) "Margin Notice Deadline", the time agreed to by the parties in the relevant Confirmation, Annex I hereto or otherwise as the deadline for giving notice requiring same-day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice);

(j) "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);

(k) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360 day per year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);

(l) "Pricing Rate", the per annum percentage rate for determination of the Price Differential;

(m)"Prime Rate", the prime rate of U.S. commercial banks as published in The Wall Street Journal (or, if more than one such rate is published, the average of such rates);

(n) "Purchase Date", the date on which Purchased Securities are to be transferred by Seller to Buyer;

(o) "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;

(p) "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof;

(q) "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof;

(r) "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination;

(s) "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Seller's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(t) "Seller's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

3. Initiation; Confirmation; Termination

(a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.

(b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.

(c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the business day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

4. Margin Maintenance

(a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

(b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).

(c) If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any business day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next business day following such notice.

(d) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.

(e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

(f) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

5. Income Payments

Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or (B) if an Event of Default with respect to Seller has occurred and is then continuing at the time such Income is paid or distributed.

6. Security Interest

Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

7. Payment and Transfer

Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

8. Segregation of Purchased Securities

To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they [will]* [may]** be subject to liens granted by Seller to [its clearing bank]* [third parties]** and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegregate substitute securities for Buyer will be subject to Seller's ability to satisfy [the clearing]* [any]** lien or to obtain substitute securities.

* Language to be used under 17 C.F.R. ß403.4(e) if Seller is a government securities broker or dealer other than a financial institution.

** Language to be used under 17 C.F.R. ß403.5(d) if Seller is a financial institution.

9. Substitution

(a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

(b) In Transactions in which Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in this Agreement substitution by Seller of other Securities for Purchased Securities; provided, however, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

10. Representations

Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

11. Events of Default

In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one business day's notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

(a) The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The nondefaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.

(b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and (iii) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession or control.

(c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.

(d) If the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, the nondefaulting party, without prior notice to the defaulting party, may:

> (i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices

and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and

(ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

(e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.

(f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of the option referred to in subparagraph (a) of this Paragraph.

(g) The defaulting party shall be liable to the nondefaulting party for (i) the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a result of an Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.

(h) To the extent permitted by applicable law, the defaulting party shall be liable to the nondefaulting party for Interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the nondefaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the nondefaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.

(i) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

12.Single Agreement

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

13.Notices and Other Communications

Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified in Annex II hereto, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

14.Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

15.Non-assignability; Termination

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be terminated by either party upon giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(b) Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

16.Governing Law

This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

17.No Waivers, Etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraph 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

18. Use of Employee Plan Assets

(a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

19. Intent

(a) The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

(c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

20.Disclosure Relating to Certain Federal Protections

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and

(c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

Banc of America Securities LLC	Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd.
By: [signature]	By: [signature]
Name: Roger Heintzelman	Name: Matthew Tannin
Title: Senior Vice President	Title: Authorized Signatory
Date: 7/31/06	Date: 7/28/06

ANNEX I
Supplemental Terms and Conditions

This Annex I forms a part of the Master Repurchase Agreement dated as of 7/28/06 (the "Agreement") between Banc of America Securities LLC ("Party A" or "BAS") and Bear Stearns High-Grade Structured Credit Strategies Enhanced Leveraged Master Fund, Ltd. ("Party B" or "Counterparty"). Capitalized terms used but not defined in this Annex I shall have the meanings ascribed to them in the Agreement.

1. Applicable Annexes. In addition to this Annex I, the following Annexes and Schedules shall form part of the Agreement and shall be applicable thereunder: Annex II

2. Definitions.

   (a) "Margin Notice Deadline," the deadline for giving notice, referenced in Paragraph 2(i) of the Agreement, shall be 10:00 a.m. (New York time) and such notice may be made orally and need not be confirmed in writing.

   (b) The definition of the term "Market Value" in Section 2(j) is amended by adding, after "a generally recognized source agreed to by the parties," the following: "(and, in the absence of such agreement, determined by Buyer)."

3. Extensions, Renewals and Roll-Overs of Transactions. Neither party shall be required to enter into, extend, renew or "roll-over" any Transaction including, but not limited to, any Transaction executed on an "open" or "demand" basis with the other party, notwithstanding past practice or market custom. The parties agree that if, from time to time, one party extends, renews or rolls-over a Transaction, the other party has no right to, and shall not, rely on the first party to further extend, renew or roll-over that or any other Transaction.

4. Purchase Price Maintenance.

   Notwithstanding the definition of Purchase Price in Paragraph 2 of the Agreement and the provisions of Paragraph 4 of the Agreement, the parties agree (a) that the Purchase Price will not be increased or decreased by the amount of any cash transferred by one party to the other pursuant to Paragraph 4 of the Agreement and (b) that transfer of such cash shall be treated as if it constituted a transfer of Securities (with a Market Value equal to the U.S. dollar amount of such cash) pursuant to Paragraph 4(a) or (b), as the case may be (including for purposes of the definition of "Additional Purchased Securities").

5. Additional Representations and Warranties. In addition to the representations and warranties made pursuant to Paragraph 10 of the Agreement, Counterparty represents, warrants and agrees that:

   (a) No material adverse change in its financial condition has occurred since the date of its most recent financial statements, and such financial statements are complete and correct and fairly present its financial condition and results of operations as at and for the period ended on the date thereof, all in accordance with generally accepted accounting principles and practices applied on a consistent basis;

   (b) Unless there is a written agreement with BAS to the contrary, it is not relying on any advice (whether written or oral) of BAS, other than those representations of BAS that are expressly set out in the Agreement;

   (c) It has made and will make its own decisions regarding the entering into and exercise of any Transaction under the Agreement based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult; and

   (d) It understands the terms, conditions and risks of each Transaction under the Agreement and is willing and able to assume (financially and otherwise) those risks.

   Counterparty shall be deemed to repeat all of the foregoing representations, warranties and agreements on the Purchase Date for each Transaction and, with respect to subsections (b) through (d), each shall continue until settlement on the Repurchase Date of any such Transaction.

6. Additional Events of Default. In addition to the Events of Default set forth in Paragraph 11 of the Agreement, it shall be an Event of Default if BAS or any affiliate of BAS declares a default or an Event of Default (however denominated) occurs with respect to Counterparty under any agreement between the parties

or any affiliate(s) of the parties. Any such Event of Default shall include the occurrence of any Termination Event or Event of Default (as each such term is defined in any ISDA Master Agreement) with respect to BSHG under any ISDA Master Agreement between BAS or any of its affiliates and BSHG, whether or not a transaction under the ISDA Master Agreement is outstanding at the time of such Termination Event or Event of Default.

7. __Additional Remedies upon an Event of Default.__ In addition to the remedies available to the nondefaulting party set forth in Paragraph 11 ("Events of Default") of the Agreement, upon the occurrence of an Event of Default with respect to the defaulting party ("Party X"), the nondefaulting party ("Party Y") may, without prior notice to Party X, set off any sum or obligation (whether arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by Party X to Party Y or any affiliate of Party Y ("Party Y's Set Off Amount") against any sum or obligation (whether arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by Party Y or any affiliate of Party Y to Party X ("Party X's Set Off Amount"). Party Y will give notice to Party X of any set off effected under this Section 7.

For this purpose, either Party Y's Set Off Amount or Party X's Set Off Amount (or the relevant portion of such amounts) may be converted at Party Y's option into the currency in which the other set off amount is denominated at the rate of exchange at which Party Y would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

If an obligation is unascertained, Party Y may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

This Section 7 shall be without prejudice and in addition to any right of set off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

8. __Submission to Jurisdiction and Waiver of Immunity.__

(a) Each party irrevocably and unconditionally (i) submits to the exclusive jurisdiction of any United States Federal or New York State court sitting in Manhattan, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement and (ii) waives, to the fullest extent it may effectively do so, any defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place of residence or domicile.

(b) To the extent that either party has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) with respect to itself or any of its property, such party hereby irrevocably waives and agrees not to plead or claim such immunity in respect of any action brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement.

9. Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

10. Recording of Conversations. Each party to this Agreement acknowledges and agrees to the tape recording of conversations between trading and marketing personnel of the parties to this Agreement whether by one or other or both of the parties or their agents.

Accepted and Agreed:

Banc of America Securities LLC	BEAR STEARNS HIGH-GRADE STRUCTURED CREDIT STRATEGIES ENHANCED LEVERAGED MASTER FUND, LTD.
By: [signature]	By: [signature]
Name: Roger Heintzelman	Name: Matthew Tannin
Title: Senior Vice President	Title: Authorized Signatory
Date: 7/31/06	Date: 7/24/06

Annex II

Names and Addresses for Communications Between Parties

Corporate Headquarters:

Banc of America Securities LLC
Bank of America Corporate Center
100 North Tryon Street
NC1-007-06-06
Charlotte, North Carolina 28255

Documentation Issues:

Banc of America Securities LLC
429 Berkeley Avenue
Bloomfield, NJ 07003
Attn: Celia M. Bader
Phone: 973-743-1903
Fax: 973-743-1904

Operational Issues:

Banc of America Securities LLC
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NC1-004-03-43
Charlotte, North Carolina 28255
Attn: Repo Operations
Phone: (704) 388-8373
Fax: (704) 388-5719/5720

For BSHG Enhanced

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